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ABSTRACT

Conducted in Europe during the summer of 1971, the study attempts to show how three nations--Denmark, France, and West Germany--have taken steps to deal with the problems of economic growth in an advanced industrialized society by reconceptualizing the role of adult education. In the first four chapters the components of a new continuing education and training program for the United States are presented by examining the steps taken by the three nations studied. The study examines: specific programs, funding problems, legislative action, philosophy, training objectives, administrative responsibilities, and successful innovative measures. The final chapter builds on the basic building blocks offered by the three nations and suggests funding sources for a new program. Concluding that success is based on expanding employment, as has been the pattern in the United States, legislative action in the form of a continuing education and training act is proposed and steps suggested for its implementation. The appendix offers legislative documents pertaining to the organization of continuing education programs in France and the Employment Promotion Act of the Federal Republic of Germany. (Author/MW)

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CONTINUING EDUCATION AS A NATIONAL CAPITAL INVESTMENT

By

HERBERT E. STRINER
Dean, College of Continuing Education
The American University
Washington, D.C.

March 1972

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FOR EMPLOYMENT RESEARCH

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Herbert E. Striner is Dean of the College of Continuing Education at The American University in Washington, D.C. In 1962 he established the Upjohn Institute offices in Washington, D.C., and from 1962 through 1969 served as Director of Program Development of the Institute before becoming Dean. Prior to 1962 Dean Striner was with The Brookings Institution as Director of the Committee on the Problems of the American Community. In the late 1950's he was with the Operations Research Office of Johns Hopkins University and prior to that was with the National Planning Association. While at the National Planning Association, he coauthored a study concerned with the application of input-output economics to regional planning.

Dean Striner served in the United States government with the Office of Chief Economist, the Department of the Interior, and the National Science Foundation at its inception. He served on the review panel for the President's Cabinet Committee on Juvenile Delinquency in 1963-1965, on the Youth Employment Commission of the District of Columbia in 1963-1964, on the Middle-Atlantic Manpower Advisory Committee which advised the Secretaries of Labor and Health, Education, and Welfare in 1966-1969, and in 1966-1967 on the National Manpower Advisory Committee's Panel on Counseling and Selection.

Dean Striner holds A.B. and M.A. degrees from Rutgers—The State University and a Ph.D. degree in economics from Syracuse University. He was a Maxwell Fellow and later a faculty member at the latter institution. He has authored and published over 40 articles and several books, with the range of interests going from theoretical economics to manpower, education, and urban problems. Dean Striner is listed in *Who's Who in America* (37th edition), *American Men of Science*, and *Leaders in Education* (4th edition).

Foreword

The W. E. Upjohn Institute for Employment Research is pleased to join The Ford Foundation in the sponsorship of this publication. Though the role of the Institute in this project is to provide for the publication of a product resulting from a Ford Foundation grant to Herbert E. Striner, its involvement is much more than that. Since Dean Striner was formerly the Director of Program Development at the Institute, we cannot help but feel that this is a publication by one of the Institute's "family."

Interestingly, the title of this study recalls an earlier publication of the Institute, *Manpower Tomorrow*, which reported on a conference in 1966 commemorating the Institute's 20th anniversary. In a main paper for that conference the late Walter Reuther wrote: "Thus, it is essential for full-employment policy that government have adequate tools for influencing capital-investment decisions. In this regard, we can learn much from the experiences in other countries."* Dean Striner, in his report, has moved the term "capital investment" into a definitional frame which, I believe, wisely includes education and training of our labor force. He has shown how other highly developed industrialized countries have taken steps along lines which we may wish to follow, or at least from which we can learn, as we scan future horizons for United States manpower policy.

As the wealthiest, most productive economy in the world, the United States is accustomed to a role of "exporting" funds, goods, technology, and technical aid to developing countries. We have never seen ourselves as an "underdeveloped" country. But in one sense we, as all other countries, are still "developing": we are daily confronted with problems growing out of change, social as well as economic; and we too must look to other countries for ideas and approaches which will enable us to deal more effectively with our problems. To our efforts to cope with the problems of inflation, unemployment, and worker frustration, Dean Striner has brought insight from programs in France, Denmark, and West Germany which suggest exciting, yet practical, solutions to aspects of these problems.

Dean Striner is, as always, direct and frank in this report. In his final chapter, for example, he suggests a radical change in our approach to unemployment insurance; yet it is one which many persons may feel is a very realistic alternative.

*Reuther, in Irving H. Siegel, ed., *Manpower Tomorrow* (New York: Augustus M. Kelley, 1967), p. 39.

While the views of the author do not necessarily reflect policies or positions of the Upjohn Institute or of The Ford Foundation, we enthusiastically bring this report to a concerned professional and lay community, which needs the kind of fresh, imaginative reasoning and analysis contained in this study to help move us in the direction of a more effective manpower program.

Ben S. Stephansky
Associate Director

Washington, D.C.
February 1972

Preface

This study was conducted in Europe during the summer of 1971 with funds provided by a travel study grant from the Division of National Affairs of The Ford Foundation and The American University.

As a society becomes increasingly complex socially and economically, the major problem confronting that society is constant readjustment and adaptation. If the society through its political, social, and economic processes does not provide for such adjustment, the result must be major dislocations. And the larger the society, the more serious the repercussions.

In recent years the United States has been confronted by an increasingly urgent series of economic problems. Intractably high levels of unemployment, even during economic recoveries, have accompanied abnormally high levels of inflation. Economic dogmatists have applied classical solutions, with disappointing results. Absent from all of these solutions has been the development of a theory which sees continuing adult education and training as an absolute necessity to a healthy, expanding industrialized society.

In a society of constant change, large numbers of people who remain frozen in their value systems or ways of seeing things become a retarding force in that society. Likewise, in an economy which is based upon technological change, where the rate of change itself is of importance, the presence of a large number of adults whose inadequate level of education or training freezes them out of the new economy also becomes a retarding force in that economy.

Other industrially advanced nations have been aware of this problem, and have done something about it. The wheel has already been invented; we need only decide to use it. In this brief study, I attempt to show how three nations — Denmark, France, and West Germany — have taken steps to deal with the problems of economic growth in an advanced industrialized society by reconceptualizing the role of adult education. In essence they have come to understand that an expanding economy whose expansion depends heavily upon new products, new technologies, and new distributions of incomes must also have a labor force constantly being refitted, retrained, and reeducated to meet these needs. To do less is to invite continuing unemployment, inflation, loss of markets, and a national sense of frustration. To do less is what we in this nation have done to date. To do more, we need only look to the example of three nations which already share many of our basic values and which have comparable life styles or philosophies.

In the first four chapters the components of a new continuing education and training program for this nation are presented. Chapter V gives my own ideas on the basic building blocks of such a program, as well as on the source of funds for financing it. My thesis is (1) that an advanced industrialized society

must see the continuing education, training, and retraining of its labor force as a national capital investment; and (2) without that capital investment, the United States cannot hope to maintain the basis for continuing what had been an impressive historical rate of economic progress up until the 1960's.

Many individuals and organizations were of aid to me during the summer of 1971 while I was conducting this study. Among those to whom I am most indebted are: Dr. Werner Rasmussen and Mr. Paul Lyngbye of the Danish Ministry of Education, Copenhagen, Denmark; Dr. Valentin Siebrecht, President of the State Employment Service of South Bavaria, Munich, West Germany; Dr. Walter Jaisle, Director, Employment Service Office in Munich, West Germany; Mr. Dale E. Good, Labor Attaché, Embassy of the United States, Bonn, West Germany; Dr. Herbert Fenger, Institute of Employment Research, Federal Employment Institution, Erlangen, West Germany; Miss Margarethe Roth and Dr. Anthony Nolde of the Federal Employment Institution, Nürnberg, West Germany; Mr. Amtsrat Ulrich Barnofski, Federal Ministry of Labor and Social Affairs, Bonn, West Germany; Professor Bertrand Schwartz and Mr. Lebouteux, National Ministry of Education, Paris, France; Professor Antoine Leon of the Université René Descartes, Paris, France; Dr. Acher Deleon, Director of the Education Extra-Scolaire, UNESCO, Paris, France; Mr. Bernard Lentaigne, Associate Director, Centre Interentreprises de Formation et d'Études Supérieures et Industrielles, Paris, France; Mr. M. Guyoton, Association Pour la Formation Professionnelle des Adultes, Paris, France; and Mr. P. Rousselle, Régie Nationale des Usines Renault, Paris, France.

Finally, I wish to express my gratitude to an individual whom I have known for many years. She has refined and readied Upjohn Institute manuscripts for many authors. They are all, I am sure, as grateful as I am for Mrs. Katherine H. Ford's patience and editorial competence.

Herbert E. Striner

Washington, D.C.
February 1972

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I. Continuing Education and Employment

Approximately a quarter of a million German workers who many years ago completed their normal education and went into the labor market are now for a number of reasons going back into educational and training programs to increase their productivity and effectiveness, according to Dr. Walter Jaisle, Director, Employment Service Office in Munich, West Germany, with whom I talked in Munich on July 7, 1971. The new educational and training programs are directed not only to the economic effectiveness of the individual, but also to the overall sense of meaningful participation in the growing economy and society of West Germany. Dr. Jaisle pointed out that the programs, which provide the means for every German citizen, whether employed or unemployed, to go back into the training situation, have succeeded beyond anyone's wildest imagination. He also indicated that the unemployment rate in Germany at that time was less than 0.5 of 1 percent.

Later that same day I read in the July 7, 1971, international edition of the *Herald Tribune* that the United States Secretary of the Treasury stated that the concept of unemployment going below the 4 percent level was one which was in essence a myth for any normal period in the United States. He concluded that it was only during a period of preparation for war or a national defense effort that an unemployment rate approximating 3 or 4 percent was possible. Aside from the unfortunate defeatism which the secretary's statement portrayed, it is disheartening to compare the typical attitude of officials in the United States with the constructive and realistic attitude in other industrially advanced nations of the world that suitable training and education of adults will alleviate unemployment.

Having participated since 1960 in many of the discussions and evaluations pertaining to manpower training and retraining programs in the United States, I think it can be said quite fairly, without regard to which particular political administration is in Washington, that the major problem of dealing with the unemployed, whether they be skilled individuals or the so-called hard-core unemployed, is the lack throughout the last decade of an all-out effort to deal with the problem of employment or employability. Every one of the manpower programs developed under the aegis of the Department of Labor, the Office of Economic Opportunity, or the Department of Health, Education, and Welfare has in essence been a halfway measure, if even that. Almost every one of the so-called manpower programs has been a demonstration of what *could be done* rather than a major effort to deal with the entire population of the unemployed, underemployed, or about-to-be unemployed. In areas where massive education and training programs have been required, responsible agencies and individuals have continuously balked at providing the level of investment necessary for resources essential to a full-scale effort to educate and train our population. Neither Congress nor the executive branch

seems to understand, or is willing to face up to, the level of commitment required for a truly effective manpower training program.

Nothing is more illustrative of our inadequate concept of dealing with the problem of education and training than the apparent "glut" of teachers in our cities and throughout the nation. At a time when we have increasing numbers of young children whose reading levels indicate a serious gap in our efforts to deal with illiteracy—at a time when not only the reading scores but also the overall level of education of high school graduates are reflecting an inadequate educational process—we are told that there are too many teachers being trained relative to the demands for their services. Nothing could be further from the truth. We are in the midst of an Alice-in-Wonderland situation! Approximately five or six years ago pronouncements by officials in the U.S. Office of Education, as well as other members of the Administration, indicated that they were about to launch a major effort to provide adequate early childhood as well as high school education for all of the children in this nation. Over the last several years the Administration has also supported the idea that there must be a massive effort to deal with the problems of illiteracy as well as preschool education in the United States. Nothing has resulted from these promises; but based on the hope held out by the last several administrations, large numbers of capable, concerned young high school graduates have prepared themselves as teachers. If we had provided the level of education promised by the last several administrations, as well as the amount of funding which was implied, these young people who have prepared themselves to teach in all good faith would now be presented with adequate numbers of jobs. Unfortunately, this Administration and the last one have reneged on the promise of a massive educational effort; as a result, there is indeed a glut of teachers in the marketplace. But the fault lies not with the young people who have prepared themselves for this urgent national need, but with those in our legislative and executive branches who have withdrawn the support for educational programs which they had promised in such glowing terms. Thus we have the irony of an overwhelming need for a service and a glut of that service at the same time!

As a result of our national unwillingness to face up to the investment which we must make in education and training, the nation is beginning to reap the whirlwind it has been sowing. Inflation has in part grown out of a slowing down in productivity gains resulting from (a) lack of training and retraining of the growing numbers of individuals in the nation who are technologically unemployable in the face of jobs demanding skills which they have not been given, and (b) increasing competition in our home markets from foreign products where the manpower pools have been given the training and educational levels necessary to increase productivity. Since the 1960's the United States has had an inferior economic position compared to that of many other nations which have increased their competitive effective-

ness in world markets. As an economist, I would be quick to assert that many factors account for the changes in our ability to produce at low cost and compete effectively with other nations. However, there is an unfortunate link between our failure as an industrialized nation to compete with the rest of the world and our failure to invest in our human resources and upgrade individuals continuously throughout their adult lives so that they can possess the skills necessary to produce and service ever more complicated products.

Steps Forward in Europe

Over the past several years many of the Western European countries have been alert to the need for developing an educational system which continues throughout the life of the individual to provide him with the skills necessary for his own personal gratification as well as the skills which are necessary to the economy. These countries have analyzed the changing matrix of job skills which have accompanied the technological changes in their economies, and they have also been aware of the increasing sense of personal frustration which adults have when they have not been equipped to participate as the economy and the society change.

At the Second Roundtable on Permanent Education in Paris, June 1971, the Council of Europe in their Committee for Out-of-School Education and Cultural Development dealt with the question of moving toward an educational system which continues to act throughout an individual's lifespan. There is general agreement on the following proposition:

> Technical developments, society's needs, increasing leisure and growing individual needs call for a determined drive to reshape adult education into a coherent system geared to the demands of our age.
>
> If it is to be fairly shaped, adult education must be seen as a factor making for the transformation of the whole education system with an eye to permanent education. First of all, it is essential for the purposes of permanent education that adults be entitled to adequate time for study, within their normal working hours, and with no loss of pay. This system should be embodied in law or made generally applicable by widespread agreements and specific provisions should be made as to its financing. Permanent education begins with a pre-primary stage designed to offset inequalities resulting from the differing social and cultural family backgrounds. At all levels, it presupposes: 1) a sensible system of study units, freely spaced in time, with considerable freedom of choice; 2) a range of studies ensuring an education which, at all levels, is general, cultural, social and civic; 3) a system of continuous guidance whereby the individual's personal aspirations and society's objective needs may be reconciled; 4) encouragement for creative faculties, spontaneous reactions and critical outlooks, all of which are of immense importance in a highly

organized society in which science and technology predominate; 5) the principle of self-education under the active guidance of teachers by means of the widespread use of up-to-date educational and communications techniques and group dynamics.[1]

This report goes on to state that to a greater or lesser degree all the Council of Europe member countries have adopted the guidelines indicated immediately above, although with variations and differing degrees of success. In July of 1970, as a member of the United States delegation to the Organisation for Economic Co-operation and Development (OECD) international Conference on Continuing Training and Education During Working Life, held in Copenhagen, Denmark, I was impressed by the steps being taken by several of the Western European countries to adopt the principles reflected a year later in the Council of Europe's report *Second Roundtable on Permanent Education*.

Over the past five or six years West Germany has begun to move in the direction of implementing a true permanent education program which fully subsidizes the continuous education, training, and retraining of members of the labor force. In discussions with several of the German delegates, it was obvious that much of the so-called economic miracle which has been taking place in recent years has in part been related to this farsighted effort to provide for the constant and consistent training and education of those individuals in the labor force who wish to be retrained or to continue their education into adult years.

The Danes have for many years in their folk high schools conducted a continuous program of education which was designed specifically to enlarge, in a more fundamental rather than a vocational sense, the concept of involvement in the social and cultural fabric of Danish life. This grew out of the move away from a true monarchy to a constitutional monarchy in the mid-nineteenth century when innovative minds, such as N. S. F. Grundtvig, felt that if the Danes were to be able to govern themselves wisely through a new and more democratic form of government, there had to be a broader educational base. This folk high school movement, an outgrowth of the change in form of government, now exists in Denmark as a basic institution which trains and educates large numbers of Danes for vocational skills as well as managerial skills.

While at the OECD Conference in July of 1970, members of the French delegation announced that an accord had been reached by representatives of relevant French governmental agencies with leaders in labor unions and in

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[1] *Second Roundtable on Permanent Education*, "Towards an Educational System," Council of Europe, Strasbourg, Paris, 8-9 June 1971, pp. 1-2, CCC/EES (71) 48 Revised.

private enterprise. This accord moved to develop as rapidly as possible a continuing adult education program providing the French worker the right, rather than merely an option, to return into the educational system for additional education and training for new skills. In July of 1971 the accord was translated into a new law which enables up to 2 percent of the French labor force to move back into a subsidized educational and training system.

The so-called old world is beginning to take steps far more rapidly than the so-called new world to deal with the problem which has grown out of a series of dramatic changes. To begin with, as we know, since the 1940's there has been a dramatic increase in longevity. Accompanying this increase in longevity, after the 1950's there has been an equally dramatic increase, from all indicators available to us, in the rate of technological change, causing skills to obsolesce more rapidly than they did in earlier years. When one takes these two phenomena together, it becomes rather obvious that unless there is a major change in our educational and training systems, people may live longer but will be plagued by frustration and anxiety. The emotional crises of old age are exacerbated by a lack of skills capable of providing the older person with the means of participating fruitfully in a changing society's new technology. In addition to this rather interesting crossover of two trends (increasing life expectancy and decreasing effectiveness of earlier skills and knowledge), there has also been a pattern of an increasing standard of expectations; that is, people tend to expect more *from* life as well as a greater involvement *in* life.

In the United States during the last decade there has been growing concern with how individuals can become involved more significantly in policy-making which directly affects them. The poverty program and its concern with "maximum feasible participation" of those to whom more services were being extended drew on the earlier experiences of the anti-juvenile delinquency program of the early 1960's in which efforts were made to involve more of the young people for whom the program was intended in the actual designing of the program itself. This pattern is not unique to the United States.

In England the open university has given some indication of what the educational future may begin to look like. Already in the United States a number of steps have been taken, and more are being taken at this writing, to develop a university system which will be open not only with respect to entrance requirements but also with regard to where the programs will be conducted. Higher education, therefore, over the next decade will probably make radical innovations and move away from what we have known as higher education in the past. Terms such as "open university" and "university without walls" suggest a resolve to create all sorts of educational programs, running the gamut from preschool tots of age three to 40-, 50-, and 60-year-old students in night courses who will be taught by means of new electronic

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devices which eliminate the constant need for face-to-face instruction. This paints a picture which is not solely future oriented, but one which has already begun to take form before our very eyes.

In the summer of 1971 I was able to review the continuing education programs in only Denmark, West Germany, and France. Hence, I offer my apologies to other countries such as Sweden and England which have begun to take meaningful steps in the direction of continuing education. The programs in the three countries which I studied differ greatly from each other, as will be seen in the discussion that follows.

The Critical Imperative: Changing the Timespan for Education

The "time-place-age conformance pattern" of our educational systems and processes is being altered radically. To provide the theoretical underpinning for the proposition that many, many more people can benefit from education, the scientific works of Jerome Bruner and others lead inescapably to the conclusion that unless we develop a continuing education system throughout the life of the individual, we shall continue to waste valuable resources which this society must draw upon increasingly. Interestingly, those who have thought most about the problem of what the learning mechanism is, as well as the relationships among learning, teaching, education, and training, seem to agree that any continuing education program must have as an important segment of that program the fundamental areas of learning, as well as the technological components. Basic understanding as well as technical competence must be seen as being complementary in a system which provides the means for an adult to continue to participate meaningfully in the society of which he is a part.

There should be no conflict in any continuing education program as to whether it will be of a technical, vocational nature or of a fundamental educational nature. Any program which seeks to provide the basis for continuing involvement of the person in the society, of which the economy is but one part, must combine both of these facets. It is as shortsighted in the educational sense to argue that one or the other is to be done as it is to argue in the planning of our cities that either physical planning or social planning is the more important of the two. They are both necessary to *good* planning.

In any discussions of what is being done in the Danish, West German, and French educational systems, or any other educational systems for that matter, with respect to continuing education of adults, it must be made clear that whatever is done to devise a more rational system of education for the adult will have important effects upon education at the earlier ages. There can be no adult education program developed which is seen as being completely separate from education for young children, adolescents, and college-level students. The provision of any new system for education which is

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tailored to the needs of individuals who have completed their typical formal education must constitute the development of a basic factor which redesigns and redetermines the fundamental form of the entire educational system from preschool through college.

Typically, we have chosen to see the life of the individual as encompassing three stages with regard to education and to work. To begin with, from birth to about five years of age, we have a vision of a play period. From about six years of age to approximately 18, we have the vision of the young person learning to equip himself with the knowledge necessary for the long journey into an occupation and the earning of his way through the rest of his life. From about 18 on we envision the individual as leaving the area of education in an institutional sense and applying what he has learned during the 12 formal years of education, or 16 years for those who have attended school four more years at the college level. Werner Rasmussen, from Denmark,[2] makes an interesting analogy between education and its functioning as a supply item to the adolescent and young adult for the journey through life.

> With more intensive adult education it may be possible to reduce the pressure on the supplies of education to adolescents and young adults. At the present time, there is everywhere a tendency to overload these supplies, because they are considered the baggage for a lifetime. We can compare it with an expedition to a big desert, — tropical or arctic — where no supply stations of any kind are established. By the time it sets off on its lengthy journey to the desert the expedition must have large supplies of food and other necessities. The situation would be entirely different if there were stations or depots along the route. The lifelong journey should in the future be supported by supply stations. It will thereby be possible to travel more lightly, which means it will not be necessary to load the memories of young people so much. This will at the same time be of great value to the educational processes during these earlier years. It will be an easier task for the teachers to ensure the motivation and attention of their young students.

Using Rasmussen's analogy, I would further suggest that at the present time we attempt to provide the traveler on this journey with a full set of educational provisions necessary for the entire journey, but unfortunately most of the provisions with which we equip the individual are of a perishable quality. By the time the traveler reaches a third or so of his way he finds that the food is no longer in condition to provide nourishment to his mind or to his body. There is an additional point of considerable significance in looking at the potential for a continuing training and retraining program extending throughout the life of the individual. This point has become increasingly

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[2]Werner Rasmussen, *Permanent Education*, The Council of Europe, 1970, p. 422.

significant as studies done by Harold L. Sheppard and Neal Q. Herrick indicate a certain growing sense of frustration and malaise by workers who are employed and apparently receiving sufficient wage incomes and security benefits.[3] Apparently the old adage that "man does not live by bread alone" is being given new significance. There is a growing sense on the part of employed individuals in many instances that life must hold out more for them than the same type of work which, even if it had been interesting at the outset, has become a repetitive experience devoid of the excitement promised by the growing affluence and interest of the social and cultural environment.

I would suggest that one of the important meanings coming out of the work of Sheppard and Herrick, as well as others, is that as individuals live longer and are exposed to more interesting situations by virtue of steady jobs and the ability to travel, by reading more, and by being part of a vicarious experience in exciting faraway places via the television set these individuals see themselves in a humdrum situation—bound to jobs in which they are no longer interested.[4] I would suggest that we must now begin to understand that a change of jobs, rather than remaining in one job for life (as has always been held out to be an indication of the stability of an individual), will become an increasingly new norm. Individuals will look to an education as the key to unlocking a continuously interesting life experience. I would further suggest that the well-educated individual who has gone into one of the professions, and who has changed the nature of his occupation two, three, or four times during his work life, will have to understand that the skilled and semiskilled craftsman will also look upon that pattern of a work and life existence as a normal situation. Increasingly, individuals will begin to seek out the means of moving from one type of work involvement to another.

Unless, as has become the case in a few of the European countries, there is a partnership in the United States among government, business, and labor to help effectuate this somewhat unarticulated need—but need nonetheless, as is becoming evidenced through various patterns of frustration—we shall begin to harbor within the society larger and larger numbers of individuals who, though working, view life as a series of hours of quiet desperation. Confronted with a lack of meaning and involvement with their work, they will return to their homes, which more and more will become places of refuge and solace from a world that offers them little hope for an interesting

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[3]Harold L. Sheppard and Neal Q. Herrick, *Where Have All the Robots Gone?* to be published by The Free Press in 1972.

[4]In a sample of more than 200 male blue-collar workers over 40 years of age, Sheppard found that 36 percent had thought often about making a serious effort to enter a new and different type of occupation, *and* would choose a training or education program making it possible to get a promotion or a better job. In the 40-49 age group alone, the proportion was nearly one-half.

and fruitful life, aside from the basic economics of the work and pay for a job—often very grudgingly done.

National Capital Investment: Human Resources and Technological Change

Finally, in our inevitable move toward a lifetime continuing education program, there is the necessity for complete subsidization of the program, *including economic support to workers and their families* so that they may live according to conditions associated with their normal economic situation, even while in education and training programs. Radical though this idea of an income subsidy may be, the need for it in any meaningful continuing education program will be a major point in this study. Not to provide this income subsidy, as will be shown later, will incur a loss in national income, productivity, and tax income which is greater than the amount of national investment for an effective training and education program.

The need for continuing education has been brought about, to a great degree, by the phenomenal growth in the service industry, which has been observed by economists over the last several years in the United States. This shift toward a service-oriented economy is one of the most important considerations affecting the nature, type, and period of training and education for the young as well as the adults in our society. To be specific, in 1947 the goods-producing industries employed 26.4 million people. At that time the service-producing industries employed 25.4 million people. By 1969, a radical shift in these proportions had taken place: in the goods-producing industries employment stood at 27.8 million while in the service-producing industries employment had skyrocketed to 46 million. It is projected that by 1980 goods production will employ 30 million people, while service production will employ close to 60 million people. This phenomenon represents more than a shift of interest to persons concerned with the composition of the labor force. It represents a tremendous potential for employee mobility as well as constant training to provide for the skills necessary in our changing service-oriented economy. With continuing displacement of labor in the manufacturing industries at the low end of the skill level, persons remaining in the manufacturing industries will have to be provided with the means of acquiring continuous upgrading of their skills. The nature of jobs, although perhaps more repetitious, will probably call for a great deal more in the way of abilities to handle complicated printout electronic mechanisms, indicator mechanisms, and complex monitoring systems. In the service industries, it is obvious that such fields as government (local, state, and federal), wholesale and retail trade, finance, insurance, real estate, transportation, public utilities, health, automotive repair, and air conditioning will require employees whose initial backgrounds and training are fairly extensive and technical, and

who can participate in continuous upgrading and training in depth, made necessary by constant changes in the nature of the services.

Manufacturing industries, more often than service industries, have been related to specific geographical sites. Such enterprises as mining and timbering, forestry, and agriculture are things-producing, and have obviously been related to specific geographical areas. Automotive production, steel fabrication, and so on have usually been related to specific producing areas. As a result, employees in these types of industries did not have the usual motivation to think in terms of geographical mobility. Indeed, their life styles in terms of purchasing homes and putting roots into a local community reflected the fact that the jobs they were doing tended to be ones which would keep them in a specific area throughout their working lifetime. This is not so in the case of service-producing industries. The trained secretary, the insurance salesman, bank clerk, medical technician, mechanic—all possess a greater degree of physical mobility than do persons typically employed in the manufacturing or goods-producing sector. Hence, these individuals will be freer to move with their families to acquire jobs which are more attractive than the ones that they currently have, even though these jobs may be in the same particular type of industry.

The need, therefore, will be to provide continuously the adult education which is necessary to upgrade individuals and improve their ability to market their skills in any part of this country. This, of course, is a major asset in terms of economic principles. It means that wherever there are surpluses of service workers of a particular type, the workers in those areas will be able to move fairly easily to other areas where there are shortages of individuals with their skills.

Unless we move in the direction of an all-out and massively subsidized continuing education program for adults throughout their lifetimes, our economy will continue to be one which is high cost, economically inefficient, and frustrating to the large numbers of workers who do not possess the economic means to acquire the necessary training and education to keep pace with the changing complexities and technical skill needs of the society of which they are a part. The economic consequences of this projection might well pale in significance when compared to the political implications for this nation.

II. The Danish Experience

The concern in Denmark with adult education is basically, radically different from that which is found in Germany or France. The Danes have a long history of providing a continuing residential education program for adults as a means of acculturating individuals who are primarily rurally oriented into the urban environment. The Germans, however, have been mostly concerned with the means of providing a continuous upgrading of technical skills, with basic education where necessary, in order to serve the needs of the expanding economy. Of course, all the European countries have had, as has the United States, a long history of adult education. Evening classes, which are commonplace in the United States, are equally familiar in many European countries. These classes have always tended to be concerned with the acquisition of technical skills or basic skills (e.g., reading and writing, in order to provide the means for further technical training or occupational training).

The Folk High School

In Denmark, however, the folk high school has an entirely different philosophical foundation and meaning. To begin with, the folk high school concept grew out of the work of N. S. F. Grundtvig. Grundtvig was the great pioneer of the movement which sought to bring to the Danes a sense of enlightenment and involvement in adult education—to broaden the individual and provide every Dane with the means of being a productive individual and in a spiritual, political, and social sense a part of the society.

In Danish education the phrase "oplysningen om livet" (enlightenment on the life of man), or in one word "livsoplysning," is the key to an understanding of the teaching the Danish folk high school has desired and still desires to give.[1]

Grundtvig's idea of the folk high school was tied in very closely with the growing movement of democracy in Denmark in the 1830's. At that time the absolute monarchy moved in the direction of establishing advisory councils and representative governments in the various Danish provinces. It was Grundtvig's philosophy that, with an uneducated mass of people, the ability to govern wisely would obviously be limited. Only if there were developed throughout Denmark a folk high school movement with the broadest type of education and general sense of enlightenment could the people rule intelligently and with the necessary foresight. In the pursuance of this goal, the basic philosophy of the folk high school was to develop conversations rather than lectures. Involvement of the students in discussions and seminars was to be the basis for understanding as well as for education in the more normal

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[1]Ragnar Lund, ed., *Scandinavian Adult Education* (2d ed.; Copenhagen: Det Danske Forlag, 1952), p. 7.

sense. It was, above all, to be a school system to produce a zest for life. Only by the joy of understanding and a sense of creativity in dealing with the fundamental problems of the changing Danish society could adult students be brought into a more meaningful role in the new society and increasingly democratic form of government.

Interestingly, the folk high schools are probably among the most flexible types of institutions in the field of adult education. This extends not only to the design of the curricula, but also to the nature of the principal of each individual school. In Denmark anyone with only seven years of schooling is acceptable as principal of state-subsidized high schools, provided the Board of Governors wishes to employ him. The choice of the principal must finally be approved by the Ministry of Education, but only in very rare cases has approval been withheld because the nominees lacked diplomas. The law stipulates that the principal, as well as each member of his staff, must provide only "a medical certificate issued within the last three months to prove that he is not suffering infectious tuberculosis of the lungs or larynx."

The school is very much a mirror of the personality of the principal. Many of the folk high schools were founded by private individuals who ran them at their own risk. Obviously, this paternalistic form of education has changed in recent years, and is continuing to change. At this time principals of the folk high schools have a more extensive education and experiential background than did principals in the past.

At present, the folk high school program is residential. The courses can vary in length from two weeks to six months. Typically then, you may find a six-month winter course going from November to May, plus a three-month summer school. The courses vary depending upon the school's basic goal and the nature of the student body itself. The rule is that the daily life and curriculum must fulfill several conditions. To begin with, it must be a boarding or residential school with a suitable environment for close association of the principal, staff, and students. Second, the length of the courses must be such that the students will be able to adapt themselves to the school life as something different from their usual environment; otherwise, it is felt that they will not be able to become a part of the new environment. Third, in principle, the folk high school must admit students belonging to all social classes and with widely different previous training. Finally, and most importantly, the curriculum must be concerned with cultural and social or universal interests as well as problems that have to do with vocational interests. At least 24 hours a week, or a little over 50 percent of the total curriculum time, must be spent on courses in general education which include; e.g., the Danish language, ethics, civics, modern world history, history of Denmark, mathematics, philosophy, history of literature, foreign languages, appreciation of music, crime problems in the community, problems of the Middle East, and drama. This list is not completely inclusive.

The minimal age for students in the folk high school is 18; there is no upper limit. There are at present 69 folk high schools located throughout Denmark. The areas of actual vocational interest in the high schools vary tremendously, going all the way from physical training, such as can be found at the Viborg Physical Training High School, to the Lutheran Mission Society High School of Hilleröd. The skills which are taught (accounting for a little less than 50 percent of the curriculum time since fundamental education must account for a little over 50 percent) will often be extended into areas which are not the usual vocational ones. Two of the most notable instances are the high schools at Esbjerg and Roskilde. These schools focus specifically on the training and development of individuals who wish to become leaders in the trade union movement. Their programs provide education and training so that the students may often become the raw materials for shop stewards and leaders in the trade union movement. But interestingly, these schools, although known as centers which are concerned with the advancement and training of union people who will become leaders in the union movement, do not draw students solely from that background. Others may attend these schools without necessarily becoming involved in careers as union leaders. Basically, no matter what the special area of concern in the specific high school may be in terms of vocational skill training, there is a strong backbone of fundamental education which remains as a part of the high school movement.

There has, however, been a fundamental change in most of the folk high schools which have come into existence since 1945—after World War II. Many of these schools no longer provide very much training in vocational subjects; some concern themselves almost solely with general education. This includes the teaching of foreign languages. Since in many of the older folk high schools new principals have replaced the older principals who reflected the older philosophy of combining vocational education with general education, there has been a shift away from vocational education. This is an important consideration when one understands that the folk high schools still have a very large proportion of students coming from the predominately agricultural areas of Denmark. The proportion is not as high as it was before World War II, but nevertheless the folk high schools do serve an important function of broadening the educational horizons of rural persons who are increasingly flocking into the metropolitan areas of Denmark.

An interesting reflection which was made by Werner Rasmussen was that although the large majority (close to three-quarters) of the students in the folk high schools are from rural areas, it must not be misunderstood that the folk high schools are essentially a rural institution. Because of the size of Denmark and the close proximity of rural and urban areas, there is a split relationship which many Danish workers have in terms of living in a rural area and working in an urban area. Hence, the folk high schools may serve

as a means of bridging the cultural gap between the rural area and the urban area.

As I indicated earlier, the length of the programs which are offered in the folk high schools varies quite a bit. However, in all cases, the courses themselves are so structured that the school day, indeed the school week, is a very full one. The classes are held Monday through Saturday. They start at about nine in the morning, continue to late in the afternoon, and after supper there are study sessions. Thus, a four- or five-month course would be comparable to a somewhat longer period of education in the United States. These folk high schools are not, however, a major means of dealing with the problems of extensive vocational training or retraining of the adult population. A large majority, indeed almost all, of the students in the folk high school program are young adults who have been neither in the labor force nor in occupations of any sort for very long.

At the present time there are approximately 9,000 students attending the folk high schools throughout Denmark: 56 percent of the students are in the 18-20-year group, 27 percent are in the 21-24-year group, and approximately 60 percent are females.

Other Approaches to the Problem

The programs which deal with continuing adult education involve a series of other types of schools. Some of these programs are subsidized by organizations outside of the state educational system. For example, there are two schools, one located at Arresoehoe and the other at Doegehoe, which are subsidized by the Productivity Foundation and run by the government. The Foundation is an outgrowth of the post-World War II Marshall programs which were designed in part to help industry. It is concerned with increasing managerial and industrial technologies in order for the Danish economy to become more effective. The students at these two schools are foremen and individuals who will be further trained for supervisory functions on the managerial side. Courses vary in length, but the minimal one lasts three weeks. These courses may go on for as long as four or five months. There is much more demand for training than is currently being funded.

In addition to the folk high schools and the two supervisory training schools funded by the Productivity Foundation, an important part of the Danish effort to provide for continuing technical training of their labor force is to be found in the technical schools. Denmark has 60 technical schools which are concerned with leadership training, supervisory training, and middle- and top-management training. They are concerned with specific technical industrial needs. These schools are fully subsidized by the government, and the skilled worker receives a stipend while he attends.

Funding of the Programs and Student Stipends

A worker who attends a folk high school receives a stipend for himself but not for his family. This stipend is set at a maximum of 800 kroner, or at the present rate, about $115 per month. Ordinarily the worker can go to the folk high school only two six-month periods in his lifetime. However, if he wishes to go into a completely different type of work, he may apply for an additional period of attendance in the folk high school. The national government assumes up to 85 percent of the instructional costs of the folk high school; the balance is shared by the various managerial and workers' organizations and the students. Out of a subsidy of a maximum of 800 kroner per month, the student is expected while in dormitory residence to contribute to the cost of the program by paying a part of his stipend, usually for some of the boarding costs.

In the technical school the national government pays 65 percent of the budget while the balance is shared in a rather complicated arrangement between the municipal government and the individual employers whose apprentices are attending the school. If a technician who has served his apprenticeship attends the school, then the state pays for the entire course without any contribution. Apparently the programs in the technical school are separated between those which offer apprenticeship training and those which offer further training for technicians on the job. The technician is not an individual so designated because of any technologically or scientifically oriented work he may do, but merely because he is one who has already served his apprenticeship.

Training and Retraining To Promote Economic Development

The technical schools serve not only to train, but also to retrain individuals as industrial problems may arise in the area of decreasing economic viability of an industry. Thus, technical schools may be located where there have been problems of economic development. The technical schools, therefore, are seen as an effort to deal with local development and the needs of the local economy in a way which provides a supply of skilled manpower for new types of industries that may be coming into the area. Or in addition, they may be located in an area to help in the process of retraining workers with skills which are now needed by an industry or firm which is in competitive difficulty.

In order to deal with the increasingly important problem of training and retraining older workers, or adult workers, the Danes had to begin to think along new lines. This became especially true with the efforts at industrial reconstruction and growth after World War II. During the 1950's state schools for semiskilled workers started day courses of three weeks' duration in residential locations. Technological institutions were also developed to provide a system of courses dealing with specific industrial needs. It was the

Vocational Training Act of 1960, with organizational and economic assistance coming from the state for development of vocational training programs for unskilled workers, which permitted these workers to receive training that meshed with technological developments and conditions of the changing labor markets. The Vocational Training Act of 1960 (for unskilled workers) provided a framework within which it was primarily the duty of the employers and workers concerned to determine the content of training.

In 1969, under a new legislative program, many of the provisions to be found in the unskilled workers act of 1960 were applied for the benefit of workers who wish to change their skills and need to be retrained. These are workers primarily from depressed areas or from areas in the process of shrinking economically because of competition. Under the 1960 and 1969 legislation, there are about 20,000 workers enrolled in continuous education programs concerned with training and retraining. The majority of these people, however, are covered under the 1960 program which focuses upon the upgrading of skills.

The training program organized under the 1960 legislation is centered in each industry as a series of independent short-term courses which are interlinked in such a way as to provide a gradually advanced form of training. The content of the individual courses may be changed concurrently with the development and, in turn, with the training needs of a particular field. Thus, in addition to basic training for several trades and specialized types of training, there is a programming of subsequent training and retraining for other occupational fields. The training program is given during the day in courses ranging from one to six weeks with a three-week course being the general rule. Training consists mainly of practical work, under workplacelike conditions, and supposedly the curriculum content is confined to that necessary for carrying out practical work. The theoretical curriculum would also include such basic fields as communications, mathematics, and some basic sciences. On completion of each separate course, a certificate is issued clearly defining the content of the training. Curricula have been approved for well over 200 courses covering close to 80 occupational areas. The largest fields are the middle trades, building and construction, transportation, and mechanics.

The trainees under the Act of 1960 are normally over 18 years of age. However, under certain conditions those under 18 are also permitted to enroll for training under this Act. The vast majority of participants are unskilled workers, but certain courses are also being attended by skilled workers, supervisors, and self-employed persons. Enrollments in these courses in 1969 numbered well over 21,000. However, since many trainees attend several courses, the actual number of trainees involved is probably well below 14,000. Contrary to the situation in the folk high schools, over one-half of the total number of enrollees are over the age of 25, with almost 20 percent over

45 years of age; about 15 percent are women. The women are found primarily in training programs concerned with clothing, textiles, hotels, or restaurant trades.

Student Stipends or the "To Be or Not To Be" Question

One of the most important aspects of the Acts of 1960 and 1969 is the assumption that the trainees will have to be supplied with financial assistance capable of providing them the means of sustenance. In order that the financial situation of the trainee will not prevent him from utilizing the training facilities, both acts provide for an allowance to be paid to him for loss of earnings or employment opportunities while attending day courses, which in some cases may be conducted at residential schools. To be eligible for an allowance under the 1960 Act, the trainee must be recommended for training by the unemployment insurance fund, and his application for enrollment must be accepted by the person in charge of the training institution.

The amount of the allowance corresponds to the rate of the unemployment insurance benefit for which the trainee would qualify if he were unemployed and a member of a state-approved unemployment insurance fund in the period concerned. Thus, for a worker who gives up his job to attend a course under any of these programs, the allowance is increased by 50 percent in order that the training will not stand in the way of his supporting himself and his family if he has one. This increase of 50 percent is payable to a trainee who is employed at the commencement of the training or at the time when the school accepts his enrollment, provided he has been employed for a total of five weeks within the two months immediately preceding training. In no case, however, may the total allowance exceed 90 percent of the average daily earnings payable in the trade concerned, or 100 percent of the trainee's previous daily earnings. Here is what the specific numbers are: The daily rate of benefit payable by the unemployment insurance fund for unskilled and semiskilled workers is 65 kroner for men and 55 kroner for women. The weekly allowance for such men will thus amount to 390 kroner, or with the 50 percent increase, 585 kroner; the corresponding rate for such women will be 330 kroner or 495 kroner. By way of comparison, it may be noted that in April and June 1968 the average weekly wage for unskilled men amounted to about 508 kroner, and for unskilled women to about 405 kroner. The majority of the trainees have qualified for the award of the 50 percent increase. From 1967 to 1968, three-quarters of the males and almost one-half of the females received the 50 percent increase. On the other hand, because of the increases in the rates of benefit since the beginning of the 1960 Act, the vast majority of unskilled workers have not been capable of fully utilizing the 50 percent increase by reason of the stated maximum level of 90 percent of the average daily earnings in the trade or 100 percent of the trainee's previous daily earnings. The allowance is paid entirely by the state. Though its cal-

culation is based on the rates of unemployment insurance benefit, the allowance has nothing to do with that benefit and is not calculated as benefit days in determining the maximum number of days for which the benefit may be paid. For those trainees who are self-employed, however, these allowances are not payable since the conditions for being or becoming a member of the unemployment insurance fund do not include the condition of self-employment.

The Retraining Act of 1969

Because of the special needs for individuals who are already skilled but need retraining, a new act was passed in February 1969, empowering the Minister of Labor to support special retraining facilities which were needed to deal with the problem. Under this act, the Minister of Labor is empowered to set up or make grants toward retraining courses where employment possibilities are temporarily acute in particular local or occupational areas. In order to be eligible for retraining under this act, individuals must be unemployed, likely to become unemployed, or, as a result of technological and occupational developments, forced to give up their occupation, wholly or in part. This applies in particular to self-employed persons in agriculture or the retail trade who have to give up their trade or business owing to the trend of new economic developments. Retraining can also be provided for persons who reenter employment after several years of absence. This is of special significance for housewives seeking to come back into the labor force. The Retraining Act provides for financial assistance to persons attending such retraining courses, and the assistance is not conditional upon membership or future membership in an unemployment insurance fund. This was a critical departure from the Act of 1960, which was concerned with skill training. Wage earners attending day courses under the Act of 1969 are eligible for a retraining allowance determined under rules similar to those relating to the allowance payable to the trainees under the Vocational Training Act of 1960. However, where retraining takes place during productive employment in an industrial establishment, the grant shall be of such rate that, added to the wage, it corresponds to the negotiated pay subject to a daily maximum of 60 kroner for men and 55 kroner for women.

Administration of the Programs

The Acts of 1960 and 1969 are essentially overseen by the Training Board. The main functions of the Board consist of approving the establishment of branch committees and approving the organization of courses and curricula for each particular course prepared by the branch committee. Additionally, the Board is responsible for making recommendations to the Ministry of Labor on the expenses of conducting the courses; in that context it acts as a superior administrative body to the schools for semiskilled workers. In addi-

tion, it is the duty of the Board to plan the structure and functions of the training system and to act as a coordinating body among branch committees, the chief industrial organizations, and the respective institutions. Finally, the Board is supposed to discharge all common responsibility in the training fields; for example, providing for the training of instructors. The branch committees, which consist of an equal number of representatives of the workers' and employers' organizations in the particular trade, examine training needs and draw up the programs for the organization of courses within each occupational field, as well as the curricula for the individual courses. They also supervise the training and the issuing of certificates.

Training facilities for the workers are entrusted to both independent and state schools. The independent schools are local schools directed by a governing body and a school committee, on which the local workers' and employers' organizations, as well as institutions and local authorities associated with the work of the school, are represented. These independent schools receive funds for the erection of buildings by means of a rather involved loan program with mortgages initially accounting for up to 85 percent of the initial expenditure; the remaining capital must otherwise be provided for and normally comes from the local authorities. The state may grant loans and make payments toward the purchases of machinery and equipment. The state makes a grant for 85 percent of the running expenses of a school, with 10 percent normally paid by the Danish Employers' Confederation and the National Union of General and Semiskilled Workers and a few other organizations. The remaining 5 percent is otherwise provided—normally from local authorities. The state schools which are run for the workers are entirely funded by the state itself. Many of these schools are partially residential. There is a certain division of functions between the state schools and the independent schools, with the latter being primarily regional schools and the former chiefly national institutions, mainly organizing advanced courses and courses requiring large investments in teaching materials (for example, courses in construction and in the operation of heavy-duty engines and machines). The state schools most frequently provide training which is necessary to meet local economic needs.

Evening Schools

In addition to all of the above-mentioned programs which are concerned with the continuing education of adults, under the Evening School Act of 1930, revised in later years, a rather effective means of providing fundamental as well as some vocational education for adults was made available. The Act of 1930 as revised in later years really provides funding and state support to organizations which develop continuing education programs for workers, as well as others in the society, during evening hours. Admission to the schools is open to all, and there is no fee for attending the classes. The

preferred study method is the use of conversation groups or workshops, and the general aim of the evening school, like that of the folk high school, is to provide a general social and humanist education rather than vocational training. The evening high school is a variation of the folk high school approach. The evening school concentrates on basic and elementary education subjects, rather than on a more sophisticated treatment of the same particular areas. It is not a residential or full-time school.

Perhaps the most extensive use of the Evening School Act is made by the Workers' Educational Association (AOF). AOF was founded by the four major Danish labor organizations, the Labor Party, the Danish Federation of Trade Unions, the Urban Co-operative Movement, and the Labor Youth Movement, all of which are represented on the governing board of AOF. AOF operates the Roskilde Folk High School which was mentioned earlier, as well as the Esbjerg Folk High School. AOF and the Workers' Folk High Schools have done pioneering work in the field of adult education, and are still doing so; especially important has been the whole series of programs run by AOF in the evening schools. With funding support under the Evening School Act of 1930, as amended by later acts, AOF has run thousands of evening school classes each year all over Denmark, with the major concentration in the large cities and the provincial towns. These evening classes were in addition to the special vocational schools for unskilled workers, schools for shop stewards, schools for members of joint production committees, and schools for the unemployed.

Concluding Thoughts

In conclusion, one might ask: What exists in the Danish adult continuing education program which is of interest in the United States and might have some transference value? Of primary interest is the long history in Denmark of an effort to provide adults with a sense of involvement in the political and social life of the community. Since the pioneering work of N. S. F. Grundtvig and Christen Kold in the mid-1800's, the main emphasis of adult education in Denmark has been "national and civic life that we all can and must share." It was Grundtvig's fear that the representative form of government, which was advancing in Denmark at that time, would not be shared by the citizens or that each person would not develop a sense of contribution in the affairs of the new democracy.

On the basis of references already made to the work of Sheppard and Herrick in the Upjohn Institute study concerning blue-collar workers, it is interesting to note that such workers in the United States apparently exhibit characteristics typical of a sense of "growing apartness" or anomie regarding the complicated problems of our society and the relationships between individuals in our society. Nowhere has this been more apparent than in the

sense of frustration indicated by the so-called older generation of blue-collar workers regarding their difficulty in understanding the needs of the younger generation as well as their own role as they grow older in a world which is increasingly more complicated both on the job and off the job. The evidence presented by Sheppard and Herrick with special regard to voting patterns seems to indicate that the blue-collar workers whom they studied do not always vote so much with an interest in political philosophies as with an interest in what the individual candidate, regardless of basic political philosophy, holds out with respect to dealing with the real or imagined problems and frustrations of the blue-collar voter.

It would seem that the theories advanced by Grundtvig, which were actually made a part of educational reality by Kold, have a good deal of application at the present time to our own felt needs for a sense of involvement and enlightenment in the affairs of our nation, if not in the affairs of the world.

In Denmark there are 69 folk high schools which are private, self-governing institutions that receive substantial state grants toward teachers' salaries, buildings, educational materials, and most other essential costs; the students also receive subsidies from the state. These schools have remained residential mixed schools for men and women. Their courses vary from three to 10 months. Through time, there have also been developed short courses of one or more weeks' duration, sponsored either by the schools themselves or by one of the many adult educational organizations, including management and labor groups. With approximately 9,000 students enrolled in these folk high schools, it is interesting to note that about 5 percent of them are from other countries, mostly Scandinavian. Approximately 2,500 to 3,000 students take residential educational programs during the summer. The schools are completely free to draw up their own syllabi, with the sole condition for obtaining state recognition being that the education must be of a general all-around character. There are no entrance or terminal examinations. To reiterate what has been said before, the most frequent subjects offered are Danish literature, social affairs, foreign affairs, foreign languages, psychology, and music appreciation. Though originally the pedagogical form was dominated by lectures, books, and self-study, the lecture form and self-study form have now taken a subordinate place. Today group work, seminars, and the use of educational technology involving active student participation have become the new form of education. The folk high schools are not a part of the general educational system of Denmark; therefore, graduates are not admitted directly to posts of any kind. On the whole, the folk high schools are generally educative, and their personal development courses are accepted as good qualification for employment and further education. To reiterate, the folk high schools are not vocational schools.

With an adequately high subsidy level for adults, especially those with

families and other types of financial commitments, a counterpart, in the United States, of the Danish folk high school system could provide an important means for the intelligent and perceptive involvement of adults in the affairs of our country and a greater degree of appreciation for the involvement of the United States in world affairs. It would be, by no stretch of the imagination, a tremendously valuable source for contributing to an understanding of racial conflict and ethnic group frictions if individuals from minority groups in early adulthood could spend three to 10 months in a residential situation focusing on such areas as American history, history of minorities, psychology, sociology, and urban problems. Thus, the individuals who are a part of the conflict situations could also become a part of a joint learning effort.

As we see the developments taking place in France and Germany, additional pieces may be fitted into a jigsaw puzzle which can produce a panorama of adult education which makes sense for the United States.

III. The French Venture

On July 9, 1970, after 14 months of difficult and prolonged negotiation, the CNPF (Le Counseil National du Patronat Français) and the union organizations in France, together with representatives of the concerned governmental agencies in education and labor, reached an accord on continued training and vocational improvement for French employees.[1] By coincidence, this event took place at the same time that the international Conference on Continuing Training and Education During Working Life, sponsored by OECD, was being held in Copenhagen. The French delegation announced this accord and indicated that the implications for French education generally might well be far reaching. For anyone who has looked at the system of education in France, it is not difficult to agree with the statement of various members of the French delegation that to take a step which would guarantee the right of French workers to return to the educational system for general education as well as technical training would represent a radical departure from the educational system in France. After looking at the complicated, involuted, and highly credentialized system of education in France, one must conclude that it is indeed one of the most complex as well as one of the most inflexible systems of education in the world. However, during the last several years there have been many steps taken to rectify this situation. Leaders in French education, such as Professor Bertrand Schwartz, have begun to indicate the future direction for French education as well as vocational training.

The New Law a "National Obligation" for Investment in Human Resources

Between July 1970 and July 1971 the accord was the basis for further work undertaken by legislators in France to shape this agreement into a new law affecting continuing education.[2] The final draft legislation concerning permanent education and training was analyzed in the newspaper *Le Monde*, June 4, 1971. The article stated that this new legislation would undoubtedly be "the charter for a new national obligation." This new legislation is by no means a revolutionary step because, for one thing, a large part of its 55 articles repeats (but improves and adds to them) the provisions of the Orientation and Program Act of December 1966 on occupational training and the provisions of the Act of December 31, 1968, concerning compensation for trainees, as well as the principal clauses of the management trade union agreement of July 9, 1970. Nonetheless, according to the article in *Le Monde*,

[1]In France, the term "employee" refers almost solely to wage earner as opposed to salaried employee.

[2]Since this chapter was written, the draft legislation was enacted into law, and an English translation was made available in December 1971. This translation comprises Appendix A.

the draft legislation is of capital importance because it offers for the first time a coherent and complete framework for permanent education and makes available the additional financial means with a view to promoting the rapid development of a policy of continued training for wage earners as well as occupational training for school graduates.

This major effort at educational reform had been the subject of numerous discussions and working sessions during the six months prior to July 1971 among the various representatives of the ministries concerned, the occupational organizations, the workers' and teachers' trade unions, and the members of management. The concerted effort so frequently advocated by the French government in the field of education, at least in this particular undertaking, was not an empty phrase. The objectives of this educational reform are twofold: first, "to struggle against inequality of opportunities" and, second, "to provide an effective answer to the problems posed by the adaptation of workers to the changes which inevitably accompany economic and social development." To begin with, the draft legislation stated that permanent occupational training constitutes a national obligation. It must be dispensed to adults and young people already engaged in active life or entering into an active employment life with a view to furthering their entry into the different levels of the society and of occupational skills. The state, the local communities, the public agencies, and the public and private institutions of learning, as well as the various occupational associations and trade unions, along with management must combine in their efforts to ensure the availability of this permanent continuing education. The draft legislation, which builds on the Act of 1966, in essence provides as a *right* to the wage earner what had previously been an *option subject to the possible veto* of the employer, but it also provides the necessary financial inducements which have to attend a return to education by an adult. The Act of 1966 had instituted a system of agreements between the state and public or private establishments (schools, associations, companies), organizing training or refresher courses for young people and adults. Whenever the importance and the value of the training being given became recognized, the state undertook full or partial responsibility for the training facility's operating expenses and even for the cost of its construction or equipment. This approach under the Act of 1966 has not been eliminated, but with the new legislation has been modified and expanded. What was essentially a means of state financial aid to public and private enterprises will now become, under the new law, an element in the organization and the regulation of the "training market."

A Basic National Capital Investment Contract for Training and Education

The new agreement is the basic contract which guarantees the concrete adaptation of the available training resources to the real needs of the workers

and the economy. Now, concerns or groups with interests bearing upon the need for training, adapting, or improving the existing skills of a given category of their staff can address themselves to a public or private training establishment and enter into an agreement with it. Conversely, establishments which develop adult training programs can propose their programs to occupational organizations, unions, or business firms and sign an agreement for training with them. In either case, the state may participate as a third partner and supply additional financial aid for the realization of the agreed program; the agreement, then, would be multilateral. Finally, if partners are lacking, the state may take the initiative for undertaking directly a training activity which it deems necessary for a particular region or a particular industry. It then enters into an agreement with a public educational institution or an adult occupational training center, subsidized by the Labor Ministry, and takes full responsibility for the cost of the operation which it has requested. All agreements must specify, among other things, the nature of the training, purpose, duration, and number of trainees anticipated; the teaching and technical means to be employed; the manner of verifying and evaluating the program as well as the skills; and the contemplated distribution of the financial responsibility (involving operating expenses, cost of equipment, and remuneration of trainees). This system is an extremely flexible one and should promote close contact between supply and demand in the manpower area. It also, under the terms of the new legislation, encourages universities as well as other public institutions of learning to take initiative in establishing programs in the area of permanent training.

Paying for It

While the accord of July 9, 1970, opened up the whole concept of broad training, perfecting the possibility for workers to return to an educational program during their working hours, it failed to provide the necessary means of financing this effort except in a few cases. The government, however, which was already devoting substantial sums to occupational training (1.2 billion francs in 1971) considered that the growth of this new effort into permanent education and training must be accompanied by financial participation of employers. The draft legislation therefore institutes a tax on wages for all employers of at least 10 wage earners. This tax, somewhat like the one in effect for apprenticeship training, is used primarily as a form of inducement. It is less a means of bringing money into the treasury than of stimulating employers to provide training for the benefit of their wage earners. The tax rate is set at a relatively low level for 1972 but will gradually increase, keeping pace with the growth of training needs, to reach its final level in 1976. As it is designed, the tax would entail supplementary burdens only for establishments which are not yet making any training effort on behalf of their wage earners. Proof of an adequate training effort would then permit forgiveness of the tax.

Business enterprises have a choice among several formulas for meeting their financial obligations: (1) They may join a regional plan or the plan of a trade branch and create with the most representative workers' union organizations an agency with equal representation of both for the purpose of promoting the development of permanent occupational training, in which case the employers pay to this agency a sum representing at least 0.9 of 1 percent of wages in 1972 and 1.5 percent in 1976. (2) Enterprises may allocate to the financing of training activities for their wage earners, within the firm or in centers connected with the social security program, at least 1 percent of wages in 1972 and 2 percent in 1976. These sums would apply only to operating expenses for the courses and remuneration of trainees. Expenditures for the construction or for the equipment of centers would be excluded. Employers who, during any single year, allocate sums greater than that required to train workers may carry over the surplus into the three following years. Thus, if they exceed 2 percent of total wages for their employees in 1976, they may carry over the surplus into the following years to defray various training expenses. (3) They may contribute to the financing of the training insurance fund an amount equivalent to at least 1 percent of wages in 1972 and 2 percent in 1976. The training insurance fund, a new feature of the draft legislation, is patterned after unemployment insurance funds, funded by contributions paid by the employers and the wage earners according to a schedule set by agreement between the representatives of both parties at the company level or by a representation of a group of companies. (4) The employers may pay 1 percent of the amount of wages in 1972 and 2 percent in 1976 directly to the governmental treasury. The difference between the rates set for the first system and those for the other three exists as an incentive for firms to group together and for trade unions to associate directly with the permanent training policy. But employers, like the workers' organizations, although for different reasons, seem unreceptive to this form of joint and equal management of funds. The government may finally, at the request of the parliamentary committees, give up these formulas.

Who Is Entitled?

Under the draft legislation, all wage earners having two years of seniority in the enterprise, with the exception of agents of the state or of local communities, for whom special provisions will be specified by decree, are entitled to request time off from their employer in order to attend a training course. This time off, which corresponds to the duration of the course, cannot exceed one year or 1,200 hours, if it is part time. Only occupational promotion courses may be for a greater duration. This time off is deemed similar to a working period even though it does not entail maintenance of the wage. A decree, which is to be issued in the near future, is to specify the manner of applying this right and in particular the maximum percentage of the

workers of one and the same firm who are eligible to benefit from this time off simultaneously. Thus far, it would seem that the employers and the trade unions have agreed upon 2 percent of the personnel of a particular firm being able to absent themselves under this program. With regard to supervisory and similar personnel, the upper limit would appear to have been agreed upon at 3 percent.

The draft legislation has also taken a step forward with regard to young people. Provision has been made for those who are between 18 and 20 years of age, who do not have an occupational diploma or an apprenticeship contract, to complete basic training while they are actually on the job so as to promote *their* adaptation to occupational life in the labor force. During their first two years with a company or in whatever job they may be, they will be entitled to take time off for training up to 100 hours a year, cumulative over two years. A young adult applying for this right cannot be refused by the employer.

With regard to training expenses and remuneration for trainees, the draft legislation is extremely complex and, in many cases, still unclear. Undoubtedly, by the time of final approval, these areas of complexity will have been simplified somewhat. The authors of the draft specify that the benefit of time off for training shall not automatically entail the assumption by the employer or by the state of the training expenses or of the amount of the compensation. The draft does indicate, however, the different cases in which this compensation will occur. The system is complex because distinctions exist among the types of courses, which sometimes are approved on a joint labor-management basis, sometimes by the state alone, and sometimes by all three partners.

The Eternal Key Question: How Does a Trainee Get Paid While Getting Trained and Educated?

The form and the amount of the compensation vary according to the nature of the training, depending on whether it is modernization of existing knowledge and skills or promotion or conversion into a different skill, and according to the trainee's position (whether employed or unemployed, a young person leaving military service, or a mother of a household). This compensation may be provided by the employer when there is partial or total continuance of the wage, in which case the state may reimburse part of the expenses to the head of the enterprise; by a labor-management organization; or directly by the state.

Taking into account the system of compensation envisaged in the draft legislation, which essentially follows that defined by the Act of December 31, 1968, as well as that by the accord of July 9, 1970, here are a few examples of the types of courses for which workers may apply for remunera-

tion on the condition, of course, that these courses are by agreement with or have the approval of the state:

1. *Conversion or preventive unemployment courses.* These are intended for workers who have been laid off or are threatened with being laid off, and who wish to change their occupation; farmers, businessmen, or artisans who wish to engage in new activities; young persons who have completed their military service less than one year previously; and mothers of households who wish to work. Remunerations are: (a) for wage earners in enterprises belonging to the CNPF who are victims of collective layoffs, full continuation of the former wages during the course up to one year; (b) for others, proportionate to the former income and in any case at least 90 percent of the minimum wage; i.e., 664 francs, and at most five times the minimum wage, 3,677 francs.

2. *Adaptation courses.* The purpose of these courses would be to facilitate access particularly of the young adults to a first job or to a new job. These courses would be given after trainees are hired by an enterprise. The trainees are, therefore, normally paid by their employer, with the state reimbursing the employer for a part of the wages and the social security allotment to the maximum of 55 percent of the wages but averaging between 30 and 35 percent.

3. *Occupational promotion courses.* These would be intended for workers who wish to acquire a higher rating or a higher skill level in the particular skill in which they have been operating. These courses are the only ones which can exceed one year, or 1,200 hours, in length if they appear in a special list drawn up by the state. Remuneration under the occupational promotion courses would be set each year according to the movement of the ceiling wage subject to social security contributions. There would exist several lump-sum rates according to the level of training pursued. Presently, it is envisioned that these lump sums might vary between 950 and 1,350 francs a month.

4. *Refresher or advanced training courses.* These courses are intended for workers who wish to keep up or perfect their skill qualifications. Remuneration is extended for wage earners in firms belonging to the CNPF, who follow a course approved by the Joint Trade Union Management Employment Committee. There would be a continuation of the wages for the first four weeks or the first 160 hours of training. For all others, compensation would be based on the minimum wage (737.5 francs). If the courses appear in a special list drawn up by the state, the minimum wage would be a monthly amount.

5. *Preparatory or youth training courses.* These courses are intended for young people between 16 and 18 years of age without a working contract.

The remuneration for these young people would be 240 francs a month for preparatory training or 270 francs for training in a specified skill.

How Did All This Happen?

In effect, this draft legislation offers for the first time in France a coherent and articulated approach seeking to enable all workers, whether earning wages or not, to improve their skills and qualifications or to change occupations. It supplies, from the viewpoint of education, a system for the adaptation of workers to change in accordance with the overall plan of the government for economic and social development. One might well ask: What led to this effort to provide for a new and subsidized permanent education and training program for French workers? In my discussions with members of state ministries concerned with education and employment, management in various large corporations in France, and individuals in the trade union movement, one underlying set of reasons came to the fore. Over the past decade, economic development in France has moved ahead extremely rapidly. Employment levels have been at a peak, and the problem of providing sufficient numbers of individuals with the skills called for by economic development has been a serious one. With the expansion of the French economy, the average worker has changed his job several times during his work life, and not only his job but his skill as well. When I talked with members of the Association Pour la Formation Professionnelle des Adultes, they made it quite clear that industry has become more and more concerned with shortages of individuals with the required higher technological skills. In fact, industry people have indicated sufficient concern over this problem that a few of their leaders have taken on the burden of developing the outline for a training program which will reach through an individual's entire life. Leaders in the trade union movement likewise have become concerned with the fact that French workers wish to become a part of the skilled technology and have taken the very strong position over the last decade that a new system must be developed by means of which workers will receive constant upgrading and training. When I talked with a number of French workmen, they made it quite clear that they no longer desire to remain at the lower rungs of the skill ladder. They feel that given the shortages of workers for skilled jobs, it is the responsibility of the employers and the government, along with representatives of the trade union movement, to devise a new educational program which will equip them for better paying and more interesting types of jobs now available with better working conditions.

As the economy grew rapidly and it became necessary to bring in workers from other countries, such as Portugal and Spain, the French workers made it quite clear through their representatives in the trade union movement that the proposed continuing training program must be developed as rapidly as possible. Of course, it should be remembered that the draft legislation builds

importantly on previous legislation concerning worker retraining and education. Under previous legislation, if a worker wanted to obtain a new skill, he would have gone to the national agency of employment where counselors would have looked at his background and his skills and indicated to him areas which made sense in terms of a retraining program for a new skill. He would then have been sent to an occupational center in his region to register for the type of training which would have given him the skill for the job he had decided to train for. At the occupational center he would have been given additional tests to determine his skills and abilities, as well as a medical examination. He would then have been sent to school for the specific occupational and education program necessary for the job he wished to train for. It might, for instance, well have been a program lasting six months with 40 hours of training a week during which period he would have received payments of about four francs per hour plus all of the other subsidies. The training would have included not only occupational education but also general education, such as literature, computation skills, mathematics, reading, and so on.

The major departure of the new draft legislation from the old law of 1968 is that French workers will have the *right,* not merely the *possibility,* of training and education and retraining, within the upper limit of approximately 2 percent of the labor force. Finally, and most importantly, I believe, the draft legislation provides the income subsidy necessary for the worker to undertake a training program so that in effect his wage rate is to a great degree continued. Without this income subsidy, the idea of continuing or permanent education for adults throughout life is an incomplete one. The major gain of this new French law is that it finally recognizes the fact that an education and training program without the economic subsidy necessary for an adult who has family responsibilities is not effective.

Some Areas of Dispute

In the development of this draft legislation, as well as in the development of the July 9, 1970 accord between industry and labor, there have been, of course, a number of areas of dispute between industry and labor as well as between big industry and small industry. In a discussion with Mr. P. Rousselle, of the Renault Automotive Manufacturing Company, it was apparent that big industry was the major influence in the development of the management side of the accord. The smaller firms were not ready for it, and they were not as interested in the agreement primarily because it was the larger firms that caused the major thrust forward in the French economy, with the concomitant need for highly skilled workers. The small- and medium-sized firms have continued to a greater degree than larger firms, and certainly to a greater degree than is healthy for them, production processes which do not have a large proportion of highly skilled and technologically oriented workers or

processes. In addition, businessmen generally have favored an occupational-oriented program rather than a program oriented to general education. As might be expected, trade union representatives have taken the position that more, rather than less, general education should be a part of the permanent educational effort in France.

In discussions with educators and members of the Ministries of Education and Labor, as well as with persons in private firms, I learned that an effort will be made to provide some general education where it is necessary for the attainment of a higher skill or for retraining. The overall emphasis of the permanent education program in France is one of continually equipping and reequipping individuals for the labor force and of providing the basis for each member of the labor force to lead a more productive economic life. Hence, it is probable that the general education aspects of this new effort will be rather minimal.

Innovation at Nancy—CUCES

In the Nancy area there is, however, an exciting and truly innovative effort to provide a continuing education program for adults with an emphasis on general education and involvement in life experiences, which brings to one's mind the basic philosophy of the Danish folk high schools. This particular experiment is concerned not only with a new type of permanent education but also with the involvement of the community. In the educational process, the community is actually involved in major decisions pertaining to curriculum, participants, and characteristics of the faculty. It is reminiscent of the efforts in the United States under the Poverty Program, and the preceding program concerned with juvenile delinquency, to have the local target group involved in the design of the programs which are to provide the means of moving ahead into new economic and social strata.

Beginning in 1964, and during 1965, at the Lorraine Iron Ore Basin Project in Nancy, Professor Bertrand Schwartz of the French Ministry of Education used the Centre Universitaire de Cooperation Economique et Sociale (CUCES) to work out a scheme for helping iron ore miners to acquire training. What is important in that particular project in the light of this study is not the vocational skill characteristics of the program but rather the general philosophy of the program and the unprecedented involvement of a community (especially in a country such as France) in the design of a retraining and education program for unemployed workers. The first phase consisted mainly in surveying the local scene after which it was possible to draw up a suitable plan of action and decide which bodies could take over responsibility for future action. Many of the workers were not unemployed but were in an industry which was in grave economic difficulty and where the projected need would be for transference of wage earners into other occupational areas.

The plan was to develop short courses spread over four months and arranged so that there were two to two and one-half hour classes a week on subjects requested. The subjects were mainly electricity, mechanics, mathematics, drawing, and self-expression. The object at first was not so much to impart new knowledge as to enable people to utilize and update their existing knowledge and apply it in the course of their daily lives. The classes were to be held during the trainees' free time. At the outset, instructors were chosen from among the mine foremen to ensure that both instructors and trainees would be talking on the same level. Later, the subject matter was changed and many professional teachers were brought in.

In 1966, the experiment was carried out in the first area which included 12 mines. The first publicity campaign brought in 500 applications, whereupon 15 groups were formed and started training in April. By autumn there were over 400 miners, divided into 32 groups, being given training. As of the beginning of 1970, there were 124 training groups with a total of about 1,400 students. Training was conducted for such skill areas as practical mechanics, mechanical drawing, sheet metal working, welding, electrical technology, and then such basic areas as mathematics. There were six different mathematics courses (including new math); four different courses in physics; and courses in English, psychosociology, and French self-expression.

The basic philosophy of CUCES is that the professional educators will be available to help provide guidance and consultative services to a local coordinating group. The local coordinating group or committee in this experiment was composed of people elected at large from the local community and of representatives from mining companies, trade unions, and local government. As Professor Schwartz explained, the professional educators told this collective group that they would help but that the group itself would decide who is to be trained or retrained, the areas of training, and what hours training would take place.

Immediately one of the major problems was that of determining when the courses would be given. If, for example, the courses were to be given after work time (that is, at night), the employers would agree, but the trade unions would disagree. Conversely, if the courses were to be organized during the daytime with released time from work, the trade unions would be quite happy to develop such courses, but the employers would not agree. Finally, it was concluded that the courses would vary between day and night on week days as well as weekends. The programs would be given according to the number of trainees available, the time of shift work, and the availability of instructional staff. The division between fundamental education and occupational education was decided in curriculum design committees designated by the overall committee itself.

What did the individual students wish to get out of this form of educa-

tion which, while it was free, was not subsidized in terms of any part of their wages being paid as a stipend? At first, the students said that they wanted to understand what they did, either in their work situation or in their life situation. Professor Schwartz said that the students put it this way:

— We cannot continue to accept not understanding anything about what we do.

— I run a machine, and I don't understand what is inside.

— I am working as a blue-collar worker, and I don't understand the newspapers.

— I am a parent, and I don't understand what my children do, and I fear to discuss with the professor what he doesn't like.

— I am a workman, and I cannot read and understand the newspapers.

These expressions manifest a syndrome—the individual's sense of being outside of situations rather than having the intellectual ability or educational background to get into the midst of a situation and exert some influence on the direction in which he is going. This feeling of alienation is so close to the "blue-collar blues" syndrome described by Sheppard and Herrick that one cannot help but be impressed by the universality of this sense of frustration over not being a part of a situation in terms of work life as well as social life.[3]

During my interview with Professor Schwartz, he indicated that the CUCES program now takes in an area which is considerably beyond that of Nancy itself and incorporates approximately 7,000 people in the general geographical area. Many of the teachers are not of the traditional types. They are individuals from the Nancy area, most of whom have not been involved professionally in education; but they do have the ability to empathize and communicate with the students on a number of different levels. The CUCES program provides its own teacher training. It has a philosophy of small learning groups that not only permit a good teacher-pupil ratio, but also engender a great deal of group loyalty. Much of the instruction is on an individualized basis, thus permitting individuals to move ahead at their own pace. Some persons in the group may then be qualified to leave one group and move into a more advanced one. However, according to Professor Schwartz, what happens is that these persons frequently refuse to disassociate themselves from their original group. In view of this, the social class heterogeneity of the groups is startling. As Professor Schwartz indicated, in one group you might well have a middle class engineer's wife and a charwoman learning as co-equals.

Enrollment in the training program is an extremely open and flexible

[3]Harold L. Sheppard and Neal Q. Herrick, *Where Have All the Robots Gone?* to be published by The Free Press in 1972.

situation and was consciously designed to be so. For example, people wishing to take courses are not asked to choose a field of study at the outset but only "to enroll for training." The enrollment campaign (or as we know it in the United States, the "outreach technique") is essentially conducted by trainees, instructors, and members of trade union organizations who spread information about the training scheme and distribute enrollment forms.

The local coordinating committee accepts the principle of providing individual interviews with people who enroll. The object is to determine individual aspirations, motives for wanting training, fields of interest, and as far as possible educational level of the individual. Interviews are conducted by CUCES instructors and staff. CUCES is responsible for sifting and studying the results of the interviews and forming training groups based on these findings. Because of the wide disparity in levels of knowledge possessed by those interested in entering into training, and because of the variations in the time that they can devote to training, it is frequently necessary to vary the periods of study and the frequency of attendance for a single course.

A major principle in the training is that each trainee must become aware of his own capacity to learn. Once he is aware of his capacity to learn, he is then, as a rule, motivated to continue and to press on to a more demanding curriculum. Hence, it is necessary to capitalize on the knowledge that the trainee has acquired. Thus, the syllabus that a candidate has to cover for an examination is broken down into a number of training units. The important factor is his ability to deal with each unit and to be graded on each unit. Each student is therefore able to build up the total needed credits at his own pace in a way suited to his ability and to his available free time for study. For example, if the student were to work toward the attainment of a job proficiency certificate, there would be three major areas of training: first, general training; second, technological training; and third, occupational training. Common cores would be developed. Specifically, in basic general training, the core would consist of mathematics and French. In the technological and occupational areas, there would be similar common cores of training units which would then permit a switch from one set of related occupations to another later on. Common courses would be developed within the same set of related occupations. This system enables apprentices in one trade promptly to acquire skills in other trades. It is designed to take account of the special circumstances and backgrounds of adults. Tailormade courses are planned in terms of objectives, rather than in terms of syllabi and duration. This means that when an adult has completed a course unit he should be proficient in the subject. But the duration of a course varies according to the individual and his ability to master information.

When an adult is taking a course, his progress is being checked all the time, such an assessment being an integral part of training. It measures the

ground covered. The final check is to show whether the adult is proficient in the course he has just taken. The customary final exam, too inhibiting for most adults, is thus eliminated and replaced by a series of checkpoints. If an adult thinks, contrary to the opinion of his instructor, that he has reached the required standards for proficiency testing, he may request an examination. If he passes the examination, he receives the unit credits for proficiency. Also, if an adult thinks he is up to the proficiency standards of a course that he has not taken, he has the right to have his knowledge tested. If he passes the test, he is given the credit. Rather dramatically in terms of what we are used to in this country, as well as what they are used to in France, an adult is thereby given credit for past experience based solely on an examination.

Continuing Education for Managerial Responsibilities

One of the more exciting continuing education programs which has grown quite rapidly in France is that of the Centre Interentreprises de Formation et d'Études Supérieures et Industrielles. The Centre has been concerned with the training of skilled individuals in manufacturing establishments who could, if given the opportunity, training, and education, qualify for middle-management and possibly even top-management positions in industry. Currently the Centre has five training programs; they are located at Lyon, Arras, Mantes-Chantenay, Paris, and Toulouse.

The Centre was created in 1958 by Dr. Raymond Vatier.[4] It began as a cooperative effort between a small group of major industrial companies (about five) and the French Ministry of Education. Initially the Centre was supported by these companies. They felt that it would be difficult to conduct broad-range training and education within their own establishments, and that there would be economies of scale in having specially designed training centers. At the present time approximately 50 percent of the funds for all the training centers comes from the French government.

In discussions with Mr. Bernard Lentaigne, who is one of the directors of the Centre program, it was obvious that the major effort has been to build in a sufficient amount of general, broad-gauged education so that the graduates of the program would be capable of assuming responsible positions in middle management. The courses themselves vary in length; some continue for almost two years. The program is divided into alternate periods of training in the Centre and periods of practical work in industry, which may include traveling in the field—in some cases abroad—in order to gain the broader insights necessary for management functions. Linguistic training, methods of study and analysis, and self-expression are important parts of a

[4]Vatier is a name famous in France in the field of adult education. He was recently appointed by the Ministry of Education to be the First Assistant for Adult Education and Professional Training in France.

curriculum which includes the usual types of instruction in industrial management, team organization, personnel management, production and promotion control, and the training required in special areas such as mechanics, electricity, industrial chemistry, physics, metallurgy, and chemical production.

The amount of time devoted to study and practical work is 22 months. The 22 months are divided into two periods. An initial seven-month period of general training is devoted essentially to a sound foundation of basic theoretical knowledge and understanding of present-day industrial and technical processes. The teaching in this period aims at bringing all the students to a certain level of knowledge and at giving them the necessary basics for the training that follows. This applies especially to two parts of the curriculum: "general technical training" and "character development." Instruction is given by a mixed staff of university lecturers and teachers from industry working together. During this period there are special arrangements made so that the students can actually spend some time in specific firms working on industrial problems so that what they have already learned can be applied. During the second period of approximately 15 months there is a concentration on industrial application in such areas as business organization, management, general manufacturing technology, work planning, personnel management, and economic and industrial problems. The instruction is given by men from the industry itself who have been involved in dealing with such problems. The study groups are small so that there can be a good deal of individual attention. During the final months, there is an intensive effort to have students understand the relationship between themselves and the industry to which they are returning as well as the general problems of the industry not only in the French setting but also in the world setting. In the last months at the Centre there is an evaluation of the individual and his particular personal goals in terms of his career development.

The qualifications for admission to this program are as follows: (1) at least five years in industry, excluding the years as an apprentice; (2) competence in a specific technical area or trade; and (3) the declared intention to take part in continuing production work in the specific industry. A review of candidates' applications, including proficiency tests and psychotechnical examinations in the interviews, is made by a selection committee which includes the director of the Centre; representatives from the Ministry of Education, employers' organizations, and trade unions; instructors at the Centre; and former students. The following factors are considered by the selection committee: (a) experience and personal attributes such as dynamism, perseverance, and adaptability; (b) general level of education; (c) powers of assimilation; and (d) health. Grants to cover loss of wages are made by the Ministry of Education to candidates nominated by the selection committee.

This program is still fairly limited with about 200 students enrolled in

the 22-month curriculum, but it has to be understood that the effort at education is a really intensive one with groups of only 24 in each class. The 24 are broken down into three groups of eight to study and live together. A constant effort is made to appraise the personal growth of each student as well as his increasing competence in the technical area. Since the students in this program come from industry and are accustomed to the usual daily working hours, the school itself is one which is in session for a full eight hours, Monday through Friday. As a result, the educational effort is an intensive one demanding a great deal both mentally and physically from the participants. Hence, in this respect it is somewhat like the Scandinavian programs. Physical education is also built in, to relax the trainees during the day. By the end of the semester, which occurs in June, the trainees are usually rather fatigued mentally; in the month of July they are therefore sent on a study tour. Since most of the trainees come from manufacturing or secondary industries and are unfamiliar with such basic industries as mining and agriculture, the majority of them spend the month of July visiting and getting to know problems in the minerals and agricultural industries. Others who may be familiar with such types of endeavors spend their time during this month studying other types of enterprises such as banking, finance, and commercial endeavors. During this period there are also special lectures and seminars in the cultural areas of music and fine arts. When I inquired of Mr. Lentaigne whether this ideal of a broader form of education would be accepted by industry for the average worker, he replied: "During the first year when we started, we were perhaps a little silent about these sorts of things, but now the industries have seen the results in the last several years that their men are much more efficient. When they came here they were rather narrow, but when they go back to their firms after two years the managers say they cannot recognize them. They have much more independence in their thinking; they can comprehend much more easily and communicate more effectively. After this experience, we have now extended this type of training." Mr. Lentaigne continued:

> During the two-year program, when we have an eleven-month educational year, the time is divided into three-month periods which are "sandwiched." This means they are here in the classroom for three months then for a month they are mainly outside. At another period they have one month when they are in industry. We send them to different industries to be on the site of one which is completely different from the one with which they are familiar. Someone coming from Renault Industries, for example, will be sent to an aeronautics or chemistry industry.

Initially in 1958, the companies sending the trainees paid their entire wages. Now, however, the agreement with the French government provides to trainees stipends or subsidies from the government in addition to some

income from the company. At the present time all trainees receive 1,350 francs per month, and some trainees receive rental payments. Many of the trainees live with their families, if they are in the area. Some trainees are accepted who are not affiliated with a particular company; such trainees receive only subsidies from the government during the two-year period. Up until now, the government has not limited the number of trainees, but rather, based on the plans of the Centre itself, has awarded an annual contract to pay for training of a specific number either on a full-remuneration basis or on a shared-payment basis with the company itself. The total amount of 1,350 francs is hardly sufficient for most of the trainees. Those who are married often have their wives working during this period. In addition, some of them borrow funds which they are generally able to pay back when they return to their home industry or company since they earn a sizable increment.

All of the students are taught English or German. Apparently, English has been the language taught in most cases. Two months before the end of the training period all of the students are sent for two weeks to either England or Germany to observe how their industry functions in these countries as well as to get to know something about the kind of worker and management problems that are encountered in these countries. Mr. Lentaigne observed that on their return from England or Germany they have sharp changes in their perception not only of the country they visited but of the relationships between England or Germany and their own. Many of the students choose to spend their last six weeks of training in either England or Germany. Recently, three of them chose to go to the United States; of course this is extremely expensive, and it is very difficult to find a company willing to send them to this country for training. All of the students return to their respective companies because of a moral obligation to work about five years in the company after having received two years of training. The average age of the students is approximately 31, with a range from 25 to 45.

In addition to the two-year program, there is a shorter program. This program has been established for those individuals who are technicians in industry and were undereducated while young, but who have displayed in the factories ample skill in their own specialty to be called "cadre." "Cadre" means, as well as I could obtain a definition for it, "senior skilled workers." The educational program is approximately four months in length spread over a 12-month period. The first week is an orientation to aims and goals of the program. After that, they return to their firms for one month and then go back to the Centre for a three-month course which seeks to broaden them in terms of their appreciation of management problems. Following that three-month training program, at some point during the next year they will return again to the Centre for a two-week followup series of lectures and seminars. This program includes not only management subjects but also those concerned

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with general problems of communication, current problems in France and the world, and general personnel problems in the plant. At the present time there are approximately 250 people in these short programs.

Concluding Thoughts

When one views the current education and training programs in France, it appears that economic forces have caused a major rethinking by the French government, management, and trade unions to ensure a form of permanent education throughout the lives of individuals that will provide a labor force of skilled workers who possess a sense of personal satisfaction. Since the new permanent education law has just been enacted, it is too early to determine what the implications will be for manpower, education, and the general sense of frustration which has been observed among French workers. Along with the effort to develop a permanent, life-cycle type of educational experience which is by and large more training than education, there is the tremendous importance of the work which Professor Schwartz has been doing with CUCES at Nancy in developing a community-oriented, self-designed type of educational program which is as much concerned with general education and personal development inputs as it is with occupational inputs. Personal counseling and courses in psychology and communications are fitted into the effort so that the frustrated worker may understand the obsolescence of his skills which will eventually displace him not only in his family milieu but in the industry and region in which he has matured. The emphasis, which Professor Schwartz made clear, is that continuing education must increasingly be a local function geared not only to local economic needs but also to individual personal preferences and needs of the workers if it is to become an effective source of personal rejuvenation and regeneration as well as an effective source of manpower for the evolving industries and higher technology skill needs. This was also apparent, although at a higher level of skills, in the Centre Interentreprises de Formation et d'Études Supérieures et Industrielles. Running through these three types of efforts—the new legislation, the work at Nancy, and the work at the centers—is an awareness of the worker's need for basic and fundamental education as well as occupational education throughout life if he is to be productive within his vocation and within the society.

A final interesting aspect of these three efforts is their tripartite nature. The degree to which labor unions, management, and government agencies concerned with education and labor are drawn together in a common effort to design and effectuate education and training programs is an important ingredient for their success. Permanent and continuing education is obviously

seen as an item which affects equally the government, the industry, and the labor union. It is recognized that without the involvement of any one part of this triumvirate there can be no effective solution to the problem of workers' skill obsolescence and frustration. When one recalls the polarity which has existed in the past between industry and labor in France, it is doubly evident that the French have now come to appreciate the crucial significance of a permanent education program for the continued economic expansion and social stability of the country.

IV. The German Model: An Active Human Resource Investment Program

West Germany's Employment Promotion Act of June 25, 1969, is undoubtedly one of the most intelligent and progressive manpower policies to be found among the industrialized nations of the world. In brief, in the words of one German official: "This Promotion Act established the right of German workers to take training and education for a new profession or to train for additional skills in their own profession and to be subsidized during the period of training." When one looks at the manpower, employment, and training programs of the Federal Republic of Germany, one cannot help but sense the real tragedy of the so-called education and manpower programs of the United States. The Federal Republic of Germany has, over the last several years, adopted the means of using its manpower resources in the most logical and intelligent manner in order to maintain high productivity, to compete effectively with other industrialized nations of the world, including the United States, and to provide the average German worker with a basis for continuously upgrading his skills and living as a self-actualizing, productive individual.

The Creating Forces

The 1969 Act is an outgrowth of the efforts by various employer groups as well as the trade unions to exert pressure on the Labor Ministry of the federal government to develop the program. This pressure developed not only because of retraining problems resulting from technological displacement of some industries and some skilled workers but also because of the increasing competitive effects of the common market on agricultural workers in various parts of Germany. An additional pressure point for the development of the program was the necessity for industry in general to upgrade skills and increase production in order to match the competitive gains of other countries. Very logically, but contrary to what usually occurs in the United States, the efforts of the government to involve itself in a serious upgrading and retraining program evolved during an extremely tight labor market situation. Ordinarily, one feels that the government should involve itself in such an effort when the competitive pressures of the labor market are slackening and there is a large surplus of unused manpower which will tend to be wasted unless retrained or upgraded. Hence, in the United States the government has usually become involved in "manpower demonstration programs" only when there was an obvious waste of human resources because of a recession or because of the exigencies of a so-called hard-core unemployed and unemployable sector of the labor force. In Germany, the converse position has been taken; very sensibly, the government has taken the position, with initial support from industry and the trade union movement, that during

periods of labor shortages and incipient inflation it is most urgent to do whatever is necessary in order to provide the basis for upgrading individual skills and gaining increases in productivity.

The Eternal Key Question: How Does a Trainee Get Paid While Getting Trained and Educated?

The truly unusual aspect of the 1969 legislation was the provision for increasing the subsidy to workers who were returning to education. This subsidy provides for not only all of the educational costs but also for personal economic needs and family allowances. Thus, as will be shown below, the average German worker who participates in a training, retraining, or educational situation, for as long as two years on a full-time basis, receives not only his education free of charge, but also, on the average, approximately 70 percent of his former wage while in training! The Germans have very sensibly understood, and acted on the understanding, that the average adult who has family responsibilities cannot readily utilize free education programs unless, along with the subsidized education, he is provided a subsidy for his own personal economic needs and those of his family. It is appalling that the United States has not taken similar action at this point in time because the GI Bill in essence did exactly this immediately following World War II. It provided the means for millions of young adult Americans to return to training and educational situations which, by virtue of the gains in skills and higher productivity, more than paid for the direct educational costs and the personal income subsidies provided to the veterans. The Germans have merely profited from that successful experience in the United States by building an effective manpower program which has resulted in a constant upgrading of skills and a logical allocation of skill resources in the labor force. It has also helped to obtain the current below-one-percent level of unemployment.

Since the middle 1960's there has been a gradual move in the direction of subsidizing the further training of employed and unemployed German workers. The 1969 Act was based on earlier pieces of legislation going back to 1964. It improved on the size of the allowances to be given during the training period and on the scope of training which is permitted.

How Many Are Being Trained and Who Pays for Training?

At the present time, approximately 1 percent, or over a quarter of a million, of the total labor force of the Federal Republic is involved in training under the retraining and education programs afforded by the various employment promotion acts since 1964. Although the first act which moved in the direction of a continuing education and training program was actually passed in 1964, it wasn't until approximately 1966 that sizable numbers of individuals began to come into the program. But only after the Act of 1969 did the program begin to expand extremely rapidly. For example, expenditures for

individual grants to promote vocational education under vocational upgrading, retraining, and rehabilitation programs increased from 277.4 million Deutsche marks in 1969 to 975 million in 1970. It is estimated that such expenditures may have been as much as 1.6 billion Deutsche marks in 1971 and that they may go as high as 1.9 billion in 1972. These figures mean that, taking into account increased personnel costs, more than one-half of budgetary outlays for manpower programs will be for activities which played only a minor role before 1969.

Funding for the entire program is based on contributions to the unemployment insurance fund. The Federal Republic is considering raising, as of January 1, 1972, contributions from 1.3 percent to 1.8 percent of earnings, which are shared equally by the employer and the employee. The 1969 manpower development law established the contribution rate of 2 percent of earnings, equally shared by employer and employee, but with the proviso that the federal government could temporarily determine a lower contribution rate on the basis of a government executive order "if economic conditions so permit." In recent years the contribution rate has remained at 1.3 percent. The contemplated increase in the contribution rate to 1.8 percent could produce an additional income of 1.4 billion Deutsche marks annually. This is necessary in order to settle financial difficulties which had begun to arise with the tremendous upsurge of German workers who sought to take advantage of the new 1969 law.

Prior to 1971 the income from contributions for unemployment insurance payments during May and June was sufficient to overcompensate the deficit accrued during the winter months. This changed in May 1971; the unemployment insurance system registered a deficit of 141 million Deutsche marks (as against a surplus of 27 million in May 1970). In June 1971 it was expected that there would be a deficit of 50 million Deutsche marks (as against a surplus of 78 million in June 1970). The total deficit for the first half of 1971 is estimated at 900 million Deutsche marks. For the whole year the Federal Employment Institution expected a deficit totaling 750 to 800 million Deutsche marks as a result of likely surpluses during the period August through October 1971. There are now estimates that the deficit in 1972 may total another 750 million Deutsche marks. This would bring the present total accumulated unemployment insurance reserve of 4.7 billion Deutsche marks down to less than 4 billion by 1972 as compared with a total budget of over 5 billion Deutsche marks. However, as indicated above, it appears that the increase in the contribution rate for unemployment insurance payments will be such as to provide the means of regaining the financial viability of the program.

Members of the Federal Employment Institution told me that they regarded as archaic and extremely unproductive the practice in the United States of

using unemployment insurance funds only for payment of benefits to the unemployed. To them, it seems quite clear that unemployment insurance funds in the United States could be most logically used, as in Germany, to prevent unemployment and unemployability as well as to compensate persons who become unemployed. This idea to utilize unemployment insurance reserves as a source of training and education funds is one which was put forward a number of times during the Kennedy and Johnson Administrations. Mr. Stanley Ruttenberg, when he was Assistant Secretary of Labor during the late 1960's, indicated that some of the unemployment insurance funds should be utilized in the Manpower Development and Training Program as well as in the development of entirely new types of educational and training programs essential to the larger manpower policies especially concerned with the so-called hard-core unemployed. The practice in Germany appears to indicate the validity of this approach. Under the Employment Promotion Act of 1969, the German government is committed to grant subsidies and loans to young persons and adults in order to enable them to receive a variety of broad-support benefits which would provide them with the means of continuing to be productive in the labor force. This includes appropriate vocational training as well as basic education where it is relevant and other types of continuation courses, including correspondence courses, in order to prepare them for an occupation. It is instructive to note that under the new law the effort is to be broken down into programs concerned with further in-depth training of individuals to upgrade old skills and vocational retraining for those individuals for whom it is felt a new skill or career is more logical than further training in their old skill.

Under the in-depth training part of the law, the incentives will normally be granted if the duration of the educational effort does not exceed two years. However, this time limit is not to apply to programs where instruction is provided concurrently with the person's work in the form of on-the-job training for a higher skill. The incentives, including free education as well as maintenance allowances or other subsidies, were developed in such a way as to enable the individuals to be promoted, to adapt their knowledge and abilities to the requirements of their occupations, to enable women jobseekers to enter or reenter the employment market, to enable individuals to pass a final test (a trade test that they had not hitherto taken), to give instructors basic and further training, and to resettle aging jobseekers. A special provision in the law indicates that participants in full-time instruction and training programs will be paid a maintenance allowance. Participants in those programs where instruction is provided concurrently with their work, or on the job, will be paid a maintenance allowance if they miss more than one-third of the normal weekly hours customarily observed in that work establishment as a result of their attending the education program. Further, the law is quite clear that the maintenance allowances will consist of not only

a basic amount for every individual but also family supplements geared to the number in the family. The table (p. 46) indicates that the amounts were calculated in relationship to the student's normal remuneration on the job. In the event that it is deemed impossible to determine the maintenance allowance, then it will be equivalent to the normal amount of unemployment insurance benefits.

Other Sensible Aspects of the 1969 Law

Since the overall objective of this law is to place individuals in a position to become more productive in an intelligent and logical manner, provisions were made to assist individuals upon the completion of their programs if employment is not immediately available. If a participant is unemployed within the first six months following the conclusion of a program, he has to be paid a maintenance allowance for the first 78 days of unemployment, or if the program lasted for at least one year, for the first 156 days of unemployment. In this case, the allowance would be 15 percent less than the rate calculated on the basis of his full-time involvement in the training program. This would appear to make sense and would be similar to the early philosophy embodied in the unemployment insurance program in the United States wherein the major objectives were seen to be twofold: first, to provide approximately 50 percent of the individual's former level of remuneration while employed; and second, to give that individual a fair opportunity to find the sort of job for which his training and experience had best equipped him. It was intelligently seen in the United States back in the 1930's that if an individual were able to find a job in which he could use his highest skills he would be of more value to the society than if he were forced to accept a job far below his skill level. The German law also obviously aims at society's utilizing what the individual has been trained for by giving him a longer period of time to locate a job than would normally be the case following education and by subsidizing him while he is looking for a suitable job. On the other hand, the German law is not lenient on an individual who drops out of an education program before he is in a position to utilize training for which society has paid. If, without a valid reason, the recipient of a training maintenance allowance ceases to participate in a program before the program is completed, he is not entitled to either unemployment benefit or unemployment assistance during the period of the program. This is fair because the government pays for all teaching expenses, teaching equipment, travel expenses, the costs of working clothes, sickness and accident insurance contributions, and, if a participant has to live away from home, the costs of his board and lodging.

With reference to the retraining of individuals for new skills and new careers, the federal government, through the Federal Employment Institution, grants incentives to jobseekers to participate in programs designed to enable

Maintenance Allowances

Under 1969 Act in West Germany

Remuneration		Unit wage	Basic amount	Maximum	Remuneration		Unit wage	Basic amount	Maximum
Per week					Per week				
From	To	DM			From	To	DM		
DM					DM				
1		2	3	4	1		2	3	4
7.50	12.49	10	7.20	9.—	202.50	207.49	205	114.60	154.20
12.50	17.49	15	11.40	13.80	207.50	212.49	210	117.60	157.20
17.50	22.49	20	14.40	17.40	212.50	217.49	215	119.40	160.80
22.50	27.49	25	18.—	21.60	217.50	222.49	220	122.40	163.80
27.50	32.49	30	21.60	26.40	222.50	227.49	225	124.80	166.80
32.50	37.49	35	22.80	27.60	227.50	232.49	230	127.20	170.40
37.50	42.49	40	26.40	31.80	232.50	237.49	235	129.60	173.40
42.50	47.49	45	30.—	36.—	237.50	242.49	240	132.60	176.40
47.50	52.49	50	33.—	39.60	242.50	247.49	245	134.40	179.40
52.50	57.49	55	36.60	43.80	247.50	252.49	250	137.40	183.—
57.50	62.49	60	39.60	48.—	252.50	257.49	255	139.80	186.60
62.50	67.49	65	43.20	52.20	257.50	262.49	260	142.80	190.20
67.50	72.49	70	46.20	55.80	262.50	267.49	265	144.60	192.60
72.50	77.49	75	48.—	60.—	267.50	272.49	270	147.—	195.60
77.50	82.49	80	51.—	64.20	272.50	277.49	275	150.—	199.20
82.50	87.49	85	53.40	68.40	277.50	282.49	280	151.80	202.80
87.50	92.49	90	56.40	71.40	282.50	287.49	285	154.20	205.20
92.50	97.49	95	58.80	75.60	287.50	292.49	290	157.20	208.80
97.50	102.49	100	61.20	79.80	292.50	297.49	295	159.—	211.80
102.50	107.49	105	64.20	84.—	297.50	302.49	300	161.40	215.40
107.50	112.49	110	66.—	87.60	302.50	307.49	305	164.40	217.80
112.50	117.49	115	69.—	91.80	307.50	312.49	310	166.20	221.40
117.50	122.49	120	71.40	96.—	312.50	317.49	315	168.60	225.—
122.50	127.49	125	74.40	100.20	317.50	322.49	320	170.40	228.—
127.50	132.49	130	76.20	103.80	322.50	327.49	325	172.80	231.60
132.50	137.49	135	79.20	108.—	327.50	332.49	330	175.20	234.—
137.50	142.49	140	81.60	112.20	332.50	337.49	335	177.60	237.60
142.50	147.49	145	84.—	116.40	337.50	342.49	340	180.—	241.20
147.50	152.49	150	86.40	119.40	342.50	347.49	345	181.20	243.60
152.50	157.49	155	89.40	123.60	347.50	352.49	350	183.60	247.20
157.50	162.49	160	91.20	127.20	352.50	357.49	355	186.—	250.20
162.50	167.49	165	94.20	129.60	357.50	362.49	360	187.20	253.80
167.50	172.49	170	97.20	133.20	362.50	367.49	365	189.60	257.40
172.50	177.49	175	99.60	135.60	367.50	372.49	370	191.40	259.80
177.50	182.49	180	102.—	139.20	372.50	377.49	375	193.80	263.40
182.50	187.49	185	104.40	141.60	377.50	382.49	380	195.60	266.40
187.50	192.49	190	107.40	145.20	382.50	387.49	385	198.—	270.—
192.50	197.49	195	109.20	147.60	387.50	and over	390	200.40	273.—
197.50	202.49	200	112.20	151.20					

Source: Employment Promotion Act, 25 June 1969 (Federal Republic of Germany), p. 101.

Note: All figures are in Deutsche marks. The unit wage is the mid-point of each remuneration range, and is used to estimate benefits.

them to transfer to some other suitable form of employment, with the particular objective of improving or ensuring their occupational mobility. All of the incentives previously indicated as being provided expressly for the purpose of further in-depth training also apply to the retraining of individuals for new careers; e.g., the trainees are given basic maintenance allowances as well as family supplements, along with free education. In addition, the Federal Employment Institution has the responsibility of granting subsidies to employers for employees who must have an initial period of adaptation to achieve maximum efficiency in their jobs. An "adaptation subsidy," as described in the law, is not normally granted to an employer for longer than one year for any one employee. The amount payable to an employer for the entire adaptation period does not exceed 60 percent of the remuneration payable by collective agreement; or, in the absence of a collective agreement, the remuneration customarily payable in the locality for the occupation of the employee. The employer pays the full wage to the employee during his adaptation period, and then the employer receives a 60 percent rebate from the Federal Employment Institution.

Institutional Grants and Subsidies and the Use of For-Profit Educational Institutions

Under a separate section of the 1969 law, there were a series of incentives, mostly of a financial nature, to institutions for the establishment of vocational training programs. Interestingly, these various loans and subsidies for construction, extension, and equipment of institutions, as well as subsidies to expand present training and educational operations, were also to be made available to "for-profit" organizations if it could be shown that education and training programs could not be established in any other way or carried out on a sufficiently large scale or in a sufficiently meaningful time period. The overall objective of the Federal Employment Institution, according to various German officials with whom I talked, is effective training and retraining. If it can be shown that this overall objective cannot be met either in terms of sufficiently large-scale efforts or in terms of a decent time interval without funding for-profit operations, the Federal Employment Institution does not seem to have any philosophical block against utilizing the private sector.

This practice has special relevance for the United States where, to a great degree, vocational education funds have been extremely limited for the for-profit institutions. Although federal and state legislation usually allowed for loans or grants to for-profit institutions to conduct vocational training, in too many instances the funds available for such purposes were withheld for long periods of time in order to promote the development of similar programs in the public school system. Unfortunately, this has often resulted in the loss of valuable time for applicants who wished to obtain skill training in a number of fields for which the public schools were not geared up, but for

which private for-profit schools had facilities and programs. In addition, on the basis of this author's experience, too frequently the public schools developed programs to obtain funds but failed to involve industry people who should have been utilized in the development of a relevant curriculum and of employment channels.

Helping the Trainee Get the Job

After the period of training or retraining, the new law also provides for a series of incentives to individuals seeking to enter the labor market. For example, there are subsidies which can be obtained by jobseekers for defraying the costs of applying for employment: for traveling and moving expenses in the event that this is necessary in order to obtain employment; for the purchase of necessary work equipment; for separation allowances if separate households have to be maintained as a result of persons entering employment in a new locale; for transition expenses, if necessary, for a maximum of two months when individuals move from one geographical area to another; for special escorts which may be necessary in the case of groups of persons traveling together to take up employment in another locality — presumably in the case of older people; and finally, for other types of assistance not specifically covered under the Act which can be shown by individuals seeking employment as being necessary to facilitate their entering employment. Loans may also be made available for most of these types of costs rather than straight subsidies or grants. In addition, the Federal Employment Institution may grant a subsidy or loan for the establishment of hostels for employees to facilitate their relocation in a new labor market.

I recall some years ago under the early U.S. Manpower Development and Training Act Program that there were a number of successful education and training programs in the South where blacks were given in-depth education and training to equip them for jobs available in distant metropolitan areas. Living allowances were provided for the blacks when they located jobs in cities which were sometimes as far away as 600 or 700 miles. It was found, however, that because there was little or no low-income housing available, the individuals who had been trained could not relocate. Hostels, as provided for by the Germans, might help where it can be shown that lack of housing is an obstacle to relocation. An alternative technique, of course, might be special rent subsidies to cover a six-month to one-year period, if it can be shown that housing poses an obstacle to movement by an individual who has been trained for a job which is available in a city with little or no housing within his income range.

Other Broad Aspects of the 1969 Law

The Employment Promotion Act of 1969 is far more inclusive than would be gathered by what has been covered in this chapter. The Act is concerned

with the very broadest type of manpower policies and programs, including benefits to individuals who find that such handicaps as physical and psychological problems are their major obstacles to employment. For example, under this Act the Federal Employment Institution may grant employers training subsidies to provide physically, mentally, or psychologically handicapped persons in-plant training in an occupation if such training cannot be arranged in any other way. A training subsidy would be granted for the duration of the training. It would not normally exceed the monthly rate of the training wage payable by the employer during the last year of training. The Act also provides for the granting of loans and subsidies for the construction, extension, and equipment of workrooms where workplaces would have to be accommodated to the special circumstances of handicapped persons.

Some parts of the Act were concerned with rather interesting and innovative approaches to dealing with seasonal problems affecting specific industries such as the building trades. A special section was devoted to "bad-weather allowances" as a means of dealing with seasonal variation in employment in the construction industry. It is not the purpose of this report, however, to cover any of the other, though innovative and interesting, sections of the Employment Promotion Act of 1969, but rather to focus on the continuing education and training aspects of this new law.

How Well Has the Program Worked Thus Far?

Of course, one must question the degree to which the new law has been able to achieve its objectives. The first objective was to provide the manpower in the German economy with the means of continuing to upgrade skill level and permit transfers of individuals from obsolescing skill areas into new types of skills and industries. A second objective, of course, was to provide essential basic education for those German workers who, because of a lack of such education, could not acquire technical skills. A third objective, stated by many individuals with whom I spoke, was that of permitting German workers to break out of old caste systems where their skill was related psychologically to the skill of their fathers and grandfathers. An effort was made to move away from the remnants of an employment caste system to a modernized industrial system where an individual's skill level and career reflect more nearly the demands of the economy rather than a value system related to tradition and family careers. It is interesting to note that in 1968 a survey of the 1964 training program graduates indicated that over 85 percent of the graduates from that program had attained their training and employment objectives.

At the Institute of Employment Research in Erlangen, which is a department of the Federal Employment Institution, research programs have begun to determine the effects of the various manpower programs established since

1964 and culminating with those established under the Act of 1969. As has been indicated earlier, beginning in 1964 the German government began to take steps to subsidize, both in terms of the direct educational costs and personal economic needs of the student, training for higher skill levels. The work which has been done thus far to determine the effect of these programs relates almost entirely to the 1964 and 1966 legislation. Bearing in mind that the programs developed under the 1964 legislation were the same as those developed in 1969 with the exception that the 1969 programs were broader in scope and the subsidies were more effective, it is instructive to look at some of the results which research indicates have been derived from the 1964 legislation in terms of evaluating the results desired by the Federal Republic of Germany with regard to manpower upgrading, skill mobility, and increasing productivity.

In 1964, under the Act of that year, there were 15,460 grant recipients, as compared with close to a quarter of a million recipients in 1971. Of these 15,460 grant recipients 8,700 were evaluated and surveyed in 1970 by the Research Institute in Erlangen to determine the results of the 1964 grant. It was found that approximately 60 percent of the male grantees and 56.5 percent of the females came from the ranks of craftsmen. Next in order of importance were technicians: among the men, 29 percent; and among the women (social workers and nurses), 22 percent. The major training courses attended by *men* were in this order: machinists, 16 percent; master painters, 8 percent; master bricklayers, 7 percent; automobile mechanics, 6 percent; and electricians, 5 percent. Among the *women,* the courses attended were haute couture, 26 percent; child care, 19 percent; beauty culture, 19 percent; fashion design not specified as haute couture, 10 percent; and senior nurse or dietitian, 5.3 percent. In terms of the distribution by sex for all grant recipients in 1964, 6.5 percent of them were women, although women make up 42 percent of the work force in the particular professions studied. (In 1970, however, the percentage of women trainees had risen to about 9 percent.) As to the age breakdown in 1964, 45 percent of the participants were below 25 years of age and only 15.8 percent were above 30. (By 1970, however, these percentages had shifted radically so that 35 percent of the participants were below 25 years of age and 30 percent were above 30 years of age.) The majority of the grantees in 1964 had between two and 10 years of job experience. In the six-year period between 1964 and 1970, when the survey was undertaken, 67.3 percent of the men and 83.4 percent of the women had changed jobs. Where the change involved going to a different employer, the shift was generally away from medium-sized companies toward larger corporations.

Among the male participants, 83.6 percent had grade schooling plus vocational training; only 10 percent were high school graduates with vocational training. Among the 1964 grantees, 92.8 percent pursued a full-time course

of study. (By 1970 this figure was down to 67.2 percent. Conversely, the number of part-time students rose from 7.1 in 1964 to 32.8 percent in 1970.) Most of the full-time courses lasted somewhat beyond six months, while those pursued on a part-time basis tended to last closer to a year. A brief recap of the experience of the 8,700 grantees between 1964 and 1970 follows: (1) *occupational advancement* (becoming independent or advancing to a supervisory position): 60 percent of the men and 71 percent of the women; (2) *earnings:* in the six-year period the average earnings of men who had pursued a vocational training program rose by 67 percent compared to a national average for men of 28 percent; (3) *professional fulfillment:* 78 percent of the men felt that they had achieved their pretraining job target; 19.4 percent reported that their advancement had fallen short of expectations; (4) *usefulness of knowledge and skills obtained:* 76 percent of the men reported that the new skills and knowledge were valuable in their new occupations; 21 percent felt that they were of limited value. On the basis of responses from the sample group to these four criteria, a "success index" was compiled by the researchers at Erlangen. The large majority of the sample were males; for them, the success index indicated that (1) 60 percent achieved "unqualified success" (ranging from a maximum of 67 percent for master craftsmen to a minimum of 47 percent for technicians); (2) 26 percent, "partial success and advancement"; (3) 7.4 percent, "failures" (mostly in white-collar occupations); (4) 6.7 percent, "no response."

There was a close correlation between the type of course pursued and the rate of failures. Only 6.9 percent of full-time students failed to advance in the six years compared to 12.5 percent of the part-time students, and 21.9 percent of the correspondence course students. Age was another prime factor, with those above 35 reporting twice the failure rate of those in the lower age group. The 25-30-year bracket scored the highest rate of advancements and the smallest number of problems in pursuing the courses. Family background proved to be another factor, in that the sons of independent businessmen, for example, had the highest rate of advancement. Surprisingly enough, the educational level prior to the training program (grade school *versus* high school) had no appreciable effect on the rate of promotion.

Growing Pains and Learning How To Invest in Human Resources

The large majority of grantees reported difficulties of one sort or another; only 20 percent reported no difficulty. Some students felt that there was an excess of demand placed upon their time, that the educational program lacked organization, and that teaching methods were faulty. These findings were supported in part by the interviews I had with a number of persons in government organizations who are involved in the program. They reported that at the beginning there was a severe shortage of counseling, which they felt was absolutely necessary for a successful program. In addition, they felt that the

large number of persons who were attracted to the program overwhelmed them because they had planned for a much smaller number. The theory amongst those with whom I spoke in the government agencies was that the sense of frustration on the part of the students grew out of the fact that the numbers of German workers who enrolled in the program far exceeded expectations of the program planners.

A number of the individuals with whom I spoke in the Federal Employment Institution took the position that there is still a great deal to learn about techniques of adult education. They felt that, to begin with, the counseling service must be significantly different from the type which was traditionally given to younger people who were still in a formalized school structure. They felt that the counseling must be geared to determining where the adults are — not for the purpose of filtering them out of a program, but for the purpose of determining what additional enrichment or tutorial services they need in order to succeed in the program. The counselors with whom I spoke felt that the intensity of motivation of adults was more than sufficient to overcome the handicaps or deficiencies which might be present in terms of basic education or even technical skills. It was their considered opinion that, given these high motivational levels, adults would be in a better position to pursue courses that are extremely demanding of their time and personal involvement than would many younger people.

With reference to that part of the training program which is essentially basic education, the interviews which were conducted indicated a tremendous variation in the felt need for such basic education. Among the members of the business community, it was apparent that their most intense felt need was for skill and vocational training. A number of individuals in government, however, and many counselors felt that almost 30 to 40 percent of the total time must be spent in such basic educational subjects as communications, basic mathematics, and possibly civics or urban living. Many of the individuals in the governmental group also felt that, especially for agricultural workers, it is absolutely essential that a greater proportion of time be spent on basic subject matter, particularly those types of subjects which would prepare them for living in urban areas. All of the individuals in government as well as industry, however, agreed that basic education must be provided if it is a necessary steppingstone for technical skills. Hence, there was no disagreement over such types of education as basic mathematics, computational skills, and communications, both written and oral. Above all, the point was made by industry and governmental people that what is necessary is the basic and fundamental educational underpinning upon which good technical education can grow and without which no technical education can be provided in a meaningful manner.

In the beginning under the 1964 legislation, the overwhelming majority

of the workers engaged in the educational and training programs were essentially those pursuing continuing education dedicated to upgrading skill levels. The minority were involved in retraining programs. By 1970, however, this situation had been altered so that although there were still many more workers involved in continuing education to upgrade their skill levels, there was a substantial increase in the percent of all workers who are concerned with retraining for new skills. In addition, by 1970, approximately a quarter of all the workers involved in training programs were the so-called hard-core unemployed workers. The term "hard-core" in Germany means mostly older workers who do not wish to move from the area in which they are living and do not wish to go into any sort of extensive training or retraining program. The programs for these older workers are essentially somewhat shorter in duration than other programs. They are essentially economic development programs that seek to relocate industries in areas of substantial labor surplus. Hence, one would find that where the older workers, who oftentimes are agricultural workers, are training for new skills, the educational efforts which are being made on their behalf and the educational institutions in which they are enrolled are geared to industries which are either in their locale and need new workers or industries which are entering that geographical area. The skill training for these older, hard-core workers is calculated to fit in with the industrial needs of the particular geographical area.

Training Versus Basic Education

One of my major interests in the general area of continuing education is with basic education for adults so that they may be in a better position to understand the nature of the changes taking place in their society and by virtue of an adequate education engage themselves in intellectual pursuits as well as in work. When, during an interview, I would pose a question about basic or general educational inputs, the reaction was usually negative. Most frequently, the reaction was one of surprise that I should wonder whether German workers possessed sufficient skills in basic reading, mathematics, and civics to be able to comprehend the problems of the society in which they lived! To understand this surprise on the part of the individuals whom I interviewed, one must know that the German educational system has a minimal number of school dropouts as we understand that term and that there is apparently less need to question the quality or soundness of their basic early education than our own.

All Germans begin school at six years of age and must remain in school for nine years. There are three alternative courses of study. A student may remain in the primary school for nine years and leave school at approximately age 15. Or at age 10 a student may transfer to an intermediate school with the intention of going directly into a commercial occupation at the end of

six years. Upon completion of intermediate school, the student would enter the labor market with a high literacy level, computational skills, and a variety of skills calculated to provide him with the ability to work in a commercial organization. A third route which is open to the student is that at the age of 10, after having completed four years of primary school, he may go to a secondary school with the intention of entering a university at the end of nine years.

A student who remains in primary school for nine years either enters an apprenticeship training program or goes to work as an unskilled laborer. In the event that the student does not go into an apprenticeship program after completing nine years of primary school, he is obligated by law to attend vocational school one day a week for three years—until he is 18 years of age. Under the same law, an employer must see to it that an employee under 18 years of age attends vocational school and must pay the employee for the days when he attends school. About 90 percent of the young people who leave primary school at the age of 15 go into an apprenticeship program. Hence, most of the people in retraining programs under the new law or the older laws of 1964 and 1966 were individuals who had completed a fairly lengthy apprenticeship program as well as nine years of school.

Concluding Thoughts

The objective of both the retraining and the training program is to upgrade individuals to the highest possible level of competence consistent with their educational and experiential background and their potential. The variety of training areas which are available under the law of 1969 is extremely broad. The major areas of training for men are electronic data processing, electricity, mechanics, engineering, and other technical skills approximating the foreman level. In all of the technical areas such as electricity, data processing, engineering, and metal working, as well as in the building trades, the instruction includes a great deal of fundamental technical training. The individual would acquire a sufficient theoretical background so that he would not view himself as working by rote in a dull and uninteresting job. For women, the major areas of training are in food services, health and medical services, teaching, office work, social work, sales, beauty culture, and textiles. In all of these areas there is a sharp break between the training for technical skills such as are involved in, for example, glovemaking and the training for such fields as social work, teaching, and health or medical helping professions. In the latter areas there is a higher degree of theoretical subjects and fundamental inputs than would be necessary in training for glovemaking or other textile work.

It is, as has been previously indicated, too early to evaluate the effectiveness of the 1969 legislation; nonetheless, it is imperative to point out that at the present time 1 percent of the labor force in the Federal Republic of

Germany is involved in the ambitious training and retraining programs calculated to provide the participants (average German workers) with the means of attaining a more productive economic life and a healthier personal outlook in terms of their role in the society. This objective is being achieved by providing individuals with the financial underpinnings necessary for sufficient economic security along with the free education. When I, as an American economist long interested in the problem of upgrading human resources in the United States, looked at the essential logic, common sense, and basic humanity of this manpower education program in Germany, I could not help but deplore our own failure and lack of commitment as a nation to develop the potential of our human resources and provide the means for members of our labor force to develop a real sense of worth. When one looks at what has been achieved in West Germany as contrasted with what has *not* been achieved, or even attempted, in the United States, the tragic difference is both frustrating and embittering.

V. New Directions in the United States

The problem of unemployment in the United States will no longer respond to the solutions of the past. Chronic unemployment at high levels for the young and old, for the black and white, will become a part of our society just as surely as changes in our technology and production processes are a part of our industrial fabric. Unemployment insurance (UI) will continue to be paid, but it will become increasingly a form of "welfare" benefit; yet most UI recipients are not poor. The only true form of unemployment insurance in a technological, industrial society is a program of education and training which provides people with the skills needed in that society. It is just as simple as that!

Is the Choice Unemployment or Inflation?

Economists continue to be baffled by the fact that in the late 1960's there was increasing difficulty in the United States in cutting down on unemployment without increasing inflationary pressures. During the 1950's the level of unemployment could be pushed down below 4 percent without the rate of inflation rising above 2 percent. Since the 1960's, to drive unemployment down to 4 percent has meant driving the rate of inflation up to between 4 and 5 percent. Reasons of all sorts have been given for this phenomenon, but the most sophisticated and plausible one points to changes in the composition of the labor force and the types of people who are unemployed. Since the early 1960's people who have been out of jobs have been increasingly young, inexperienced workers or females. In all groups of unemployed workers there are far too many blacks—out of proportion to the percentage of blacks in the total population. The reasons given for these facts are, first, that since the early 1960's, the younger age groups in our population have increased more proportionately than the older groups, and it has become normal for wives to work. The second reason given is that unemployment rates for the young and for adult females are higher than for adult males. But this second reason only "begs the question" and never provides insight into why the young and adult women, as well as adult blacks, have a worse employment track record than the adult male, and largely white, population. Nor does it deal with the real paradox of the unemployment problem of the late 1960's—large numbers of unemployed *and* at the same time large numbers of job vacancies! It was in the 1960's that a term was used increasingly for a certain, and growing, type of unemployed—the "unemployable." Imagine the implication—the tragic absurdity—of that term in a society with job vacancies in the rapidly growing service sectors of our nation. No citizen of this nation who has experienced trying to have a car repaired; trying to purchase articles in a department store from untrained salespeople; trying to have a suit or dress repaired or altered; waiting for medical or health services; waiting for a

serviceman to repair a stove, furnace, or refrigerator; or who has been aware of the shortage of teachers and counselors for children with special problems could possibly accept the logic of the term "unemployable" without accepting the fact that we are no longer committed as a nation to the education and training of our citizens for the world of work.

There are just a few essential facts which must be understood and accepted if we are ever to get off the merry-go-round of unemployment accompanied by inflation. First, many of the jobs which were available in the past for the poorly trained or less well educated have disappeared. In 1940 this nation needed about 10 million farmers to feed a population of about 132 million people. By 1970, with a population of over 200 million people, we needed only about three million farmers. Back in 1952, when I was an economist in the Bureau of Mines, U.S. Department of the Interior, there were close to 450,000 coal miners producing about 400 million tons of coal. Today 100,000 coal miners produce far more coal than that. Throughout our economy the same picture is true of the old type of low-skill employment.

Training and education are essential for a decent job in our modern society. But beyond that, reentry into the educational system is equally essential in our new world of work. Not only do the new jobs call for skills resulting from training and education, but the nature of our jobs is such that even high-skill jobs phase out or are changed, so that new skills must be acquired by many *already skilled* people if they are to remain employable *throughout life*. And this is increasingly important since people live longer than formerly and are healthier for a greater part of their lives.

Actually, all the new problems pertaining to unemployment, unemployability, and inflation grow out of our refusal as a nation to face up to an essential fact of life in the fast approaching 21st century: *Education throughout life is a necessary requirement for a meaningful life itself!* As individuals and as a nation, we either keep up or go down. We must now rethink our basic philosophy of education and develop a *reentry system* for the education and training of all citizens *throughout life*.

Manpower policies must be developed which are carefully calculated to provide sufficient funds to do the job, rather than to provide a limited demonstration to which political apologists can point. During the 1960's we did not have one single manpower program which set out to fund adequately a true job-training program for the 500,000 so-called hard-core unemployed. We never had the commitment to send these numbers of people into intensive, full-time education and training programs lasting the nine to 12 months necessary for them. We nibbled around the edges of a problem, camouflaged inadequate summer make-work programs as training efforts, and then wrung our hands and shed copious tears over "the failure of another manpower program." Our national hypocrisy is reflected in our high unemployment rates

alongside inflationary erosion of our incomes and our national integrity. But the true tragedy is the fact that *we possess the means and the money to correct this situation almost immediately.*

But first let us look at the inflationary and unemployment situation in West Germany, where since the mid-1960's they have had an education and training program designed to educate and/or train people for the new types of job vacancies created by their growing, highly industrialized economy. In 1967 West Germany was just beginning to come out of a sharp recession which had begun in 1966. But the rate of unemployment was extremely low —well below what most politicians in the United States feel to be impossible for us to attain even at the height of a period of general economic prosperity! And the rate of unemployment was driven down below 1 percent by 1969 while the rate of inflation was held below the real gains in output until 1970, as can be seen in the table below.

Inflation, Real Output, and Unemployment Rates in West Germany, 1967-1970

Year	Rate of inflation* change from previous year (percent)	Change in real output from previous year (percent)	Rate of unemployment (percent)
1967	1.1	−0.3	2.1
1968	1.6	7.2	1.5
1969	3.5	8.1	.8
1970	7.4	4.9	.4

Source: For rate of change in inflation and in real output, *1971 Annual Report, International Monetary Fund* (Washington, D.C.), pp. 56 and 64; for rate of unemployment, *Year Book of Labour Statistics*, International Labour Office, Geneva, Switzerland, 1971, p. 422.

Note: The rate of unemployment is unadjusted.

*Percentage changes in GNP deflators, at annual rates.

The table shows that in 1969 unemployment was forced down to 0.8 percent while the rate of inflation increased over 1968, *but that real output more than doubled the rate of inflation.* In 1970, when the increase in the rate of inflation exceeded the rate of real output, the unemployment level *dropped* 50 percent below the 1969 level.

During the same period, the inflation-unemployment situation in the United States also changed, but in a remarkably different way, as can be seen in the table (p. 60). The increase in the rate of inflation did little or nothing

to affect the level of unemployment from 1967 to 1969. In 1970 *both* the rate of inflation and unemployment rose considerably. For those economists and politicians who support the Phillips curve thesis, which states that we have to trade off between inflation and unemployment, these findings should be disheartening. In 1968 and 1969 very little employment was gained by a large increase in the rate of inflation. But worst of all, in 1970 another major jump in inflation was accompanied by a major jump in unemployment.

Inflation, Real Output, and Unemployment Rates in the United States, 1967-1970

Year	Rate of inflation* change from previous year (percent)	Change in real output from previous year (percent)	Rate of unemployment (percent)
1967	3.2	2.6	3.8
1968	4.0	4.7	3.6
1969	4.8	2.5	3.5
1970	5.5	−0.6	4.9

Source: For rate of change in inflation and in real output, *1971 Annual Report, International Monetary Fund* (Washington, D.C.), pp. 56 and 64; for rate of unemployment, *Economic Indicators*, October 1971, prepared for the Joint Economic Committee, U.S. Congress, by the Council of Economic Advisers (Washington: Government Printing Office), p. 10.

Note: The rate of unemployment is unadjusted.

*Percentage changes in GNP deflators, at annual rates.

To gain an insight into where the real answer lies in terms of unemployment and its relationship to inflation and productivity, one must also look at the utilization of the nation's plant capacity—our lathes, generators, etc. Since 1968 the economy of West Germany has utilized its industrial plant capacity at a rate well above 90 percent. The United States index of capacity utilization in 1968 hovered just a hair over 90 percent; in late 1969 it commenced to drop sharply; at yearend in 1970 it was just above 80 percent. During the first quarter of 1970 the index for West Germany stood at 99.2 while for the United States it stood at 90.5. By the fourth quarter of 1970 the German index was 94.4 while the United States index was 82.5. In all fairness, the lower index in the United States reflects the recession which began in late 1969, but the major problem of resuming an industrial output level which would bring plant capacity utilization to the former high level is the lack of a labor force adequately educated and trained. The Germans have been able to build this into their industrial and service economy by virtue of the fact

that they use their unemployment insurance fund as a form of preventive medicine, while we specialize in the use of our unemployment insurance funds to lock barn doors after the horses have left.

The Supply of Manpower Is an Elastic Band: To Use It Properly, It Must Be Stretched

The Germans have utilized their supply of manpower to the fullest by virtue of two policies. First, they have minimized the waste of underutilized manpower by means of their training and retraining programs. They don't see unemployed or underemployed workers as "unmotivated, welfare types," as too many of the citizens in our country do. The Germans tend to see these people as a wastage of an important economic resource. The second policy the Germans have is that of importing workers for the lower skill jobs. As a result of these two policies, the Germans have been able to go far in keeping unemployment down, productivity high, and real output high; also, until 1970 their rate of inflation was manageable. On the other hand, we in the United States have been confronted by an excessive rate of inflation since 1968 and have not really attempted to utilize our untapped manpower resources, which have been languishing in our unemployment lines. Rather than launch a massive effort to educate and train, we have taken the defeatist attitude by shrugging off a 3.5 to 4.0 percent unemployment rate as a necessary evil in an advanced, industrial society.

And This Is How To Stretch It

As will be recalled from the chapter on West Germany, that country supports a voluntary education-training program for *all* German workers who wish to avail themselves of such an opportunity. And the program succeeds because the government not only pays for the education but also gives stipends to the workers so that their family obligations can be met, for the most part. The German adult who is out of a job or feels that his skill is obsolescing and will result in his unemployment can go to a full-time training program which is free and also receive a stipend, which on the average covers about 70 percent of his former wage. Thus the German worker isn't told that a free training and education program awaits him if, somehow, he can place his family in a state of suspended animation and convince his landlord not to ask for rent.

The West Germans have used their unemployment insurance fund to provide the necessary expenditures which have made their training and education program a success. If there is any doubt, look at the difference between unemployment levels in West Germany and the United States. And if there is any further doubt, just recall the numerous typical statements coming from our industrial leaders during the 1960's that there were jobs going begging

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while thousands of the unemployed simply didn't have the education or skills to be given the jobs. Can we do what the Germans have done with their unemployment insurance fund?[1] Yes, but only if we make some basic legislative changes and rethink the basic use of such a fund. Indeed, with the sort of "surgery" called for, it would be wiser to abandon the unemployment insurance law and concept, both of which reflect the problems and needs of the 1930's, and move to a completely new approach.

To begin with, how much money are we talking about in the funds which are set aside to deal with unemployment insurance payments? The table below shows the funds available, as well as the amounts which have been paid out.

Year	*Total of reserves in state unemployment insurance funds as of June 30 (millions of dollars)*	*Total UI benefits paid (millions of dollars)*
1967	10,272	2,220
1968	11,093	2,191
1969	12,088	2,298
1970	12,444	4,143

Source: For total reserves, *Unemployment Insurance Statistics*, monthly publication of Manpower Administration, U.S. Department of Labor; for total benefits, *Economic Indicators*, October 1971, prepared for the Joint Economic Committee, U.S. Congress, by the Council of Economic Advisers (Washington: Government Printing Office).

Even in a recession year, such as 1970, the gap between the reserves and the amount paid out gives one pause to wonder whether this huge sum could be a source of funds for education and training. But let's ask ourselves how much it would cost to start a program along the lines of the West German one. The Germans have about 1 percent of their labor force in the current early stages of their program. A 1 percent figure for the United States at present would be about 800,000 workers. If we assume that the average education and training program would cost $2,000 per person in direct educational costs, the total educational bill would come to $1.6 billion. If we further assume that the average adult worker who needs and wants such training has an average income of $8,000 per year, a stipend of 70 percent would be $5,600 a year or a total of about $4.5 billion. Thus, the total of funds needed to provide 800,000 workers with the education and training necessary to equip them for the new jobs in our new technology would come to $6.1

[1]Mr. Stanley Ruttenberg, when he was Assistant Secretary of Labor during President Johnson's Administration in the mid-1960's, suggested using the interest on UI reserves as a means of expanding our manpower training programs. Mr. Saul J. Blaustein, of the W. E. Upjohn Institute for Employment Research, has also been advocating this practice.

billion. (And of course higher taxes would be paid on higher wages.) In 1970, after paying out unemployment benefits, there was still a reserve of over $12 billion. Can we move ahead now and develop such an education and training program, utilizing the unemployment insurance funds? The answer is no—not unless we make several basic changes in our attitude toward unemployment—what causes it and the role of the state and federal governments in dealing with the problem.

To begin with, the vast sums of unemployment insurance funds are held by the 50 individual states and the District of Columbia. The funds are amassed on the basis of employer contributions—really a payroll tax—with some "forgiveness" of this tax depending on the rate of employee turnover in each firm. Thus, if the turnover is low, the employer tax is low. The individual states have their own employment services, along with their own funds. During a period of economic downturn, if a state has more than a proportionate share of firms or industries which are hard hit by the recession, its UI reserves melt away more rapidly than those of other states. A near zero balance in one state and higher remaining reserves in another state are not unusual during a prolonged recession. But with the ever recurrent arguments that the state employment services should be federalized, the critics of the current system are quickly put to rout. Fifty state power structures, officeholders, etc., are difficult to dislodge. A real national emergency such as World War II is what seems to be the only means of achieving the changes needed. During World War II the employment system was federalized, and efficiencies in placing people and in coordinating manpower policies were achieved. We should now move to "federalize" at least the total of state unemployment insurance funds. A major economic recession which affects two or three states all out of proportion to the national situation should be seen as a national calamity rather than one which must be borne by the limited funds available to those states.

The ability to deal with an extended unemployment situation also varies among the states depending upon the employer tax rate set by each state as well as the "taxable payroll," as defined by each state. Thus, taxable income varies from $3,000 to $3,600, and the tax rate itself can go from a low of 0.12 (in Texas in 1970) to a high of 1.96 (in Alaska in 1970). These were *effective*, rather than statutory, rates. The highest state statutory rate is Michigan's, 6.0 percent in 1970. In 1970 the United States average employer's unemployment insurance tax was 0.64, or little more than one-half of 1 percent of the payroll. This is less than half the German rate or the planned French rate.

Beyond the funding question lies the problem of tremendous variation in the sophistication and quality of the separate state unemployment insurance systems. In this study only the subject of reserves will be seen as of interest to the topic.

Finally, there must be basic changes in our way of thinking about the unemployed and the use of unemployment insurance funds. The overwhelming majority of the unemployed in this nation are involuntarily unemployed and would rather receive a decent wage for work done than a dole. Those who wish can always cite cases of indigent individuals who have made the welfare dole a way of life. So also can most middle and upper income families quietly acknowledge the occasional son of a wealthy family who was taken into the family firm and who squandered time and funds, but was protected by the "old man." But most children in most families wish to become productive individuals for the benefit of themselves and the society at large.

Those who come from poor families, poor communities, and poor school systems don't have the option of teenage retirement into a protected family job. Nor do they have the funds to obtain education or technical training beyond what was given by an inadequate school system. And beyond this group is the great number of productive trained adults who when technologically unemployed lack the funds to obtain the education and training required for the new jobs in our ever-changing society. How does an unemployed coal miner get the funds to support a wife and infant, pay the monthly rent, and pay to attend a one-year school in automotive mechanics? The job is there for him when he graduates! But without the tuition and necessary economic stipend, he usually cannot begin school, much less graduate! Under the present system, he gets unemployment insurance which covers about a third of his former wage as a miner, for perhaps as long as a year, and then it's pure welfare. What waste! What nonsense!

The First Step: A Change in Philosophy

Our basic philosophy should accept the fact that a nation profits by providing the financial means to encourage adults to pursue continuing education and training as the means of remaining employed or moving into a better paying skill. This makes sense in every way. It can lead to better wages and higher income tax payments rather than welfare or unemployment insurance payments.

We must now move from an unemployment insurance fund to a National Economic Security Fund (NESF). The basic premise of such a fund is that an individual is entitled to the means for retraining or taking further training in order to achieve his highest level of personal and national usefulness. No one seeks to lower his income potential; almost everyone seeks to qualify himself for that job in which he is most productive and where the security and income best meet his individual or family needs. By providing the funds necessary to make this right a reality, the nation will benefit. Productivity will increase; people will move more freely into the tight labor market skills; the competition with foreign producers will be more effective; there will be fewer frustrations or "blue-collar blues" of workers who see no horizons for

sharing in the bright new world of technology; and finally local, state, and federal income tax proceeds will grow as a result of the more effective use of our manpower resources. This entitlement of every worker to train or retrain for a better job is a *national capital investment* which is basic to the functioning of a modern, industrialized economy.

There may be a number of situations where there are layoffs for short periods of time with good expectations and probabilities of workers returning to jobs which they enjoy and which pay well. There should be no compulsion for these individuals to go into training programs. They merely need, and should have, the economic sustenance required to carry them through a brief period of layoff. The Fund should pay security benefits to these individuals for as long as a year, if necessary.

Unemployment Insurance: An Inadequate Concept Whose Time Has Come To Go

Unemployment insurance is an inadequate concept for two reasons. To begin with, insurance assumes coverage for a loss or part of a loss. To a man who is unemployed for a prolonged period of time, receiving unemployment "insurance" payments amounting to about a third of what he formerly made when working hardly "covers his loss." His loss is economic, psychological, sociological, and, in some cases, medically traumatic. There is no true insurance for his loss short of the means of fitting himself for another or better job. The unemployment insurance concept is inadequate from a second viewpoint. Only people who have been in the labor force for a specified period of time, and for whom payroll taxes have been paid, are considered "insured"; only they can receive unemployment insurance benefits. But the problem of unemployment has become increasingly the problem of young people between the ages of 16 and 20. This group is largely "uncovered" by unemployment insurance. Under the philosophy being urged in this study, this group must be able to tap the resources of the National Economic Security Fund. Indeed, when this group meets its first unemployment experience, it should be channeled into free education and training programs. It is with this group that our national destiny rests. Frustration, anomie, and cynicism by this group are most difficult to undo. Adults who can look back on successful employment experiences can more easily look forward to coming back into the system. A young person whose initial experience in the employment market is tragic has nothing to look back on for psychological sustenance.

How Can We Profit From the Experiences in Europe?

Usually the point of view is that the United States is so significantly different from other countries in the world that everything we do with regard to basic institutions such as education and employment will have to be

significantly different from what is done elsewhere. This is certainly true in some respects but hardly true in every respect, even concerning such basic institutions as we have been looking at in this study. Quite obviously, because of the size of the United States and the many political subdivisions, any programs in the United States will be significantly greater and subject to greater funding complexities than those in other countries. On the other hand, there are problems which are so basic in nature to all industrialized countries that it is difficult to imagine that many of the lessons learned in Western Europe could not also be applied in the United States.

The Danish experience. First, let us look at the experience of the Danes. Beginning in the mid-nineteenth century, as the Danish society became both more democratic and more urbanized, the major thrust of its adult education program was that of acculturation so that more Danes could participate rationally and more effectively in the process of self-government as well as in the process of becoming an urbanized nation. In the philosophy of Grundtvig there was the concept that individuals who normally live a fairly independent life in the rural areas would become increasingly dependent on each other with the specialization and industrialization of the economy as well as the democratization of the society. Hence, a residential education program was developed so that different types of individuals could be brought together and share life experiences, even if for a limited period of time. Basic education courses were given as the foundation for technical or professional training.

To say that such a program would not be of great value in the United States, would be to lack a basic understanding of many of the problems confronting minority groups which have only recently migrated into our metropolitan and urban areas. Their first problem is that they are now living in close relationship with individuals with whom they have had little experience and with whom they have shared little in terms of life styles and value systems. Also, they are being thrust into situations where they are being called upon to share, to a degree they have never known before, in self-governance. A major objective of the Poverty Program in the United States has been to bring minority groups into a system of participatory democracy. Such individuals had never exercised the right of helping to determine the form of the society in which they had been living. Through this program they were called upon to share in the decisionmaking process as it affected their own lives economically and socially. Another problem results from the fact that many of the migrants who came from the rural areas of the South, Southeast, and Southwest were ill equipped to live and work in the physical urban environment.

Surely, these are exactly the sorts of problems with which the Danish folk high schools set out to deal in the mid-1800's. I suggest then, based on the Danish experience, that a similar adult education program be established in

each of the large metropolitan areas of the nation where problems of acculturation and skill acquisition lie at the heart of many of the distressing "revolts" of low-income blacks, Spanish-speaking Americans, and other minority groups against "the establishment." I also suggest that similar adult education programs be undertaken in those regions from which ill-trained, primarily rurally oriented individuals are fleeing into the cities. These programs may or may not be residential depending on the age groups of the individuals involved and the differing levels of social acculturation and skills.

A second lesson which can be gleaned from the Danish experience is that the overall abilities of educators are more important than credentialization based on a narrow formalized educational background. Many of the principals of the folk high schools do not possess formal certification. In the folk high schools the administrators, counselors, and teachers are well-rounded with regard to life experiences and skill backgrounds so that they are proficient in achieving the objectives of the high schools. In this country the U.S. Labor Department, in its experimental and demonstration program, has proved again and again that there are large numbers of individuals who, though lacking formal educational credentials, are extremely proficient in teaching special skills as well as in providing help for counselors who are dealing with minority groups. Much of what we have learned in the education programs under the Manpower Development and Training Act, as well as in the various Job Corps Centers under the Poverty Program, could well be applied to other programs in the utilization of individuals who lack formal credentials but who are, nonetheless, extremely capable administrators, teachers, or paraprofessional counselors.

The third factor of considerable interest to us is that in Denmark substantial governmental grants are given to the 69 folk high schools which are private, self-governing institutions. In Denmark, as well as in Germany and France, there is apparently sufficient concern with achieving the overall objectives of education so that private institutions, as well as public institutions, concerned with adult education are supported by the government. This is reminiscent of the support which was provided to private as well as public institutions in the United States during the period following World War II. Under the GI Bill public funds were made available to the individual student no matter which institution (private or public) he or she attended, provided that the institution was accredited. At that time students tended to select those institutions which seemed to offer them maximum potential for learning and job placement. It would seem well to resume this formerly successful practice in the field of adult education. NESF funds could be given on an individual as well as an institutional basis. The primary consideration is that the student be permitted to return to an educational system of his choice where he can develop his fullest potential.

Insights from France. In the case of France, one of the major lessons to be learned is that, although labor and management may seem to be far apart, a basis for mutual agreement can be found through individual self-interest. The wide gap which one usually assumes exists between labor and management in the United States is relatively narrow when compared to the historical gap which has existed between the trade union movement and the management groups in France. Notwithstanding that gap, because of common needs, those two groups in France were able to come together with government as the negotiator and facilitator in order to develop a continuing adult education and training program which would depart radically from previous education programs. I must say, however, that the new continuing education legislation, which was enacted during the summer of 1971, is much more complicated than its legislative counterpart in the Federal Republic of Germany. In the event that we in the United States do move in the direction of these types of legislation, the German model is probably more applicable to our needs than the French one.

The all important philosophical basis for the French legislation, however, must become the philosophical basis for any program of continuing adult education which is developed in the United States. Specifically, the French legislation starts out by stating that permanent training constitutes *a national obligation* and that it must be dispensed to adults and young people already engaged in the labor market or about to enter the labor market with a view to advancing their education and skill levels in terms of society as well as the work force.

A unique feature of the French legislation is that it permits, in fact encourages, all sorts of institutions to come together to develop the continuing education programs. For example, universities are encouraged to take the initiative in establishing programs in the area of permanent training and education along with other institutions such as the trade union movement. This same idea has been the heart of extension programs in our agricultural schools for years. The agricultural college education and training extension programs could now provide the model for a new university continuing education and training program.

Universities or state college systems, along with the very exciting and expanding community colleges, could become and should become the basis for a new type of continuing adult education. Continuing or permanent education, as well as training, could be on a residential as well as a nonresidential basis. There is an increasing need for institutions of higher education to provide training for adults who wish to move into the rapidly expanding areas of health helping professions and teacher helping professions (including counseling), as well as the increasing variety of service jobs which are in reality middle-management positions. In both France and Denmark a number of permanent education programs have been designed to prepare shop

foremen for middle-management positions. The outstanding example of this sort is the Centre Interentreprises de Formation et d'Études Supérieures et Industrielles, which Dr. Raymond Vatier was instrumental in developing. This Centre, which now has training programs located in Lyon, Arras, Mantes-Chantenay, Paris, and Toulouse, has been extremely effective in the education and training of individuals in industry for higher managerial positions. A further education program, which is somewhat reminiscent of the Danish folk high school, is the effort launched in the economically depressed area in Northeastern France. Specifically, the Centre Universitaire de Cooperation Economique et Sociale (CUCES) program generated by Professor Bertrand Schwartz has shown the way for the development of indigenous, participatory educational efforts designed to provide basic educational underpinnings for new technical skill acquisition. This program is somewhat reminiscent of the efforts under the Poverty Program in the United States to bring local individuals (mostly private), rather than representatives of governmental or other types of institutions in the community, into the development of local self-help education and training programs. A program similar to CUCES could be of tremendous value in our inner-city areas where new efforts are being made to provide for indigenous inputs to the development of adult education programs at the high school and grade school level. The most interesting feature of CUCES is its learning system which tailors courses to individual learning abilities by using basic attainment building blocks. The system which Professor Schwartz has developed permits an individual to move ahead far more rapidly than do most of our adult education programs. Local, or even regional schools, can be based on the model developed by CUCES, with funds initially going directly to such institutions in order to stimulate their growth. But eventually funds could "follow" students after the initial growth of these institutions. This procedure would ensure that the educational effort of such institutions would remain geared to the needs of the student. The local participatory educational centers that were developed under the CUCES program have the same general philosophy as the Danish folk high schools rather than becoming institutionalized dinosaurs which no longer serve the original purpose. As was indicated in the chapter on France, there is a great deal of emphasis on studies which permit the worker-student to obtain basic insights into the problems of the society as well as the family. Hence, the aim is to blend basic education, skill acquisition, and acculturation.

An attractive model from Germany. The Employment Promotion Act of 1969 in West Germany is, I believe, a good model for the development of our own legislative effort in the area of permanent and continuing education. The German unemployment insurance fund is sufficiently similar to our own so that it doesn't take any stretch of the imagination to envision a major continuing education program supported by funds available through our own unemployment insurance system. The basic German philosophy that the unem-

ployment insurance fund should be utilized as a means of *preventing unemployment* could very easily become the basis of the new concept which I am espousing for our own education and employment efforts in this country.

In addition to the general provisions concerning training and retraining, certain other aspects of the German program should be incorporated into any major effort we make in the area of continuing education. The provision of further education to instructors so that they can become more effective, the provision of funds for the resettlement of aging jobseekers, the provision of travel expenses necessary to obtain a job matching the individual's skills, and the funding for extraordinary costs of board and lodging over a short period of time which may be necessary for the individual to take a new job are all aspects of the German program which should be incorporated into our own effort.

The provision of special subsidies by the German government to employers hiring workers who need an initial period of adaptation on the job before they can achieve maximum efficiency is a constructive effort to deal with a specific group of handicapped employees who are unable to cope with a formal educational situation. Many individuals who have physical or psychological handicaps, or handicaps growing out of age, are nonetheless employable if they are given the opportunity to adjust to the demands of their jobs. Their employers should not have to absorb any economic loss resulting from their employment. Obviously, if any such workers are not able to adjust to their jobs in a reasonable length of time, they will have to be withdrawn from the work force.

Economic development. The continuing education programs in Denmark and Germany have a logical relationship not only to employment but also to economic development. Both the Germans and the Danes have as an important part of their permanent continuing education philosophy the training or retraining of workers in a specific geographical area where local firms or industries have been subject to increasing competitive pressures and as a result of such pressures have begun to decline in terms of their levels of output. They have provided retraining and training programs especially tailored to the needs of such depressed economic areas so that workers in those areas can fit into an overall economic development program. Though we here in the United States have talked of just such an effort under various regional and national economic development plans, the effort has never really succeeded because the efforts at training and retraining have never been meshed effectively with the economic development objectives of the area or the industries involved. We could, just as have the Danes and Germans, devise continuing education programs to serve the economic development objectives of our nation.

Toward a New Program in the United States

Over the next several years, if we in the United States are to deal more effectively with the problems of unemployment, inflation, low productivity, and "blue-collar blues" (worker dissatisfaction), we must move to a different philosophy of training and education. The model which has succeeded in Western Europe is based upon the effort "to stabilize and expand *employment* and to make it more productive," while the model which has failed in the United States seeks "to deal remedially with *unemployment*."[2]

The steps which should be taken as quickly as possible to redirect our efforts include the following:

1. A permanent education and training law should be enacted, which makes it a right for every worker over the age of 17 to pursue an education-training program. Such a program could be for as long as 24 months, on a full-time basis, with all educational costs and a personal income stipend provided. The stipend should approximate, on the average, three-fourths of the worker's immediately prior employment income; it should relate to the size of the family or number of dependents, as well as prior employment income, with a reasonable upper limit. For those with no prior work experience, a stipend should be provided to cover basic living needs. This new law should specify that additional funds are to be made available for special things necessary for successful education-training programs and placement; e.g., travel, short-period housing, special tools, etc.

2. The new act should federalize all state unemployment insurance funds and convert them into a National Economic Security Fund. The NESF would fund both the new education-training program and unemployment security benefits. The latter would be for those whose unemployment is probably short term—for those whose reemployment in the same skill, company, or industry is held to be likely within six months. Two years after enactment of the new law, the NESF should be supported by a 1.5 percent payroll tax, shared equally by the employer and employee on all wages up to $9,000. The objective would be that of producing sufficient income to fund training and stipend costs as well as unemployment security benefits. When one looks at the relevant data given (p. 72) for our present unemployment insurance system, it would appear that the 1.5 percent payroll tax on all wages up to $9,000 would more than meet the financial demands of the program envisioned.

Given the present (1971) distribution of income in the United States, a 1.5 percent tax on all wages and salaries of *all* income earners would yield a

[2]E. Wight Bakke, *The Mission of Manpower Policy* (Kalamazoo, Mich.: The Institute, 1969), p. 38.

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return of $7.5 billion. By 1975 this figure would be approximately $9 billion. Thus, a continuing education and training program costing $6-$7 billion for one percent of the labor force *would be possible without using any unemployment insurance reserves*, if the suggested program were to be placed in operation in 1973.

The unemployment insurance reserves could be set aside to deal with income subsidy needs for the short-term unemployed who do not desire or need retraining and will be reemployed shortly in the same firm or industry. As this reserve fund is drawn down, it can be replenished annually from general governmental revenues.

Year	*Unemployment insurance taxes paid into state reserves (millions)*	*Interest credited to state reserves (millions)*	*Employers' contributions as percent of total covered wages (percent)*	*Covered labor force as a percent of total civilian labor force (percent)*
1967	$2,678	$398	0.9	70
1968	2,552	460	0.8	70
1969	2,545	536	0.7	71
1970	2,508	610	0.7	68

Source: Handbook of Unemployment Insurance Financial Data (Washington: Bureau of Employment Security, U.S. Department of Labor, May 1964); Annual Supplements for each year after 1964.

3. The new act should, in addition to providing direct funding to students, provide for institutional grants to encourage the development, expansion, and availability of education-training courses and programs designed to meet the goals of the act. Basic education in reading, communications, and computation is to be the keystone in this effort. Every skill or training program must have a reading comprehension unit capable of bringing the student up to the necessary level of reading competency for skill training.

4. The act should stipulate that the student or trainee will receive NESF reimbursement for attending any accredited institution of his choice, and that the sole criterion for institutional grants is accreditation. Care should be exercised in making grants to ensure that redundant facilities, be they public or private, are minimal. All institutional grants should call for the submittal of program plans clearly establishing objectives and accountability standards. All funded institutions should have adequate counseling and placement staffs or plans which relate their education-training programs to existing counseling and placement resources. If the latter is the case, these interinstitutional arrangements should be evaluated annually to determine effectiveness. The use of private, for-profit educational and training institutions should be encouraged under this act. Any sudden increase in the numbers of people returning into educational and skill-training programs will call for the use of *all* of our

facilities. Up until now, our for-profit training institutions have been underutilized by federally funded programs.[3] Public purse strings have too often been limited to public school programs, many of which have been inadequate. The focus should be on how best to train or retrain workers for our nation's manpower needs; this will, of course, mean using for-profit institutions whenever their instruction and facilities are best suited to the program at hand.

5. NESF payments for counseling, testing, and placement should be made to all persons or agencies, private as well as public, providing such services. The present state employment services should also be reimbursed for counseling, testing, and placement activities which they are called upon to provide for education-training programs under this act.

6. NESF grants should be made for the establishment of special residential education-training programs. In this case, individual personal income stipends should be reduced to reflect the food and housing costs assumed by the residential facility. A major group to benefit would be the prison and ex-inmate population. Education and training centers could be established in detention or correctional institutions, funded under this program. After leaving an institution, the ex-inmates would be eligible for subsidized reentry (or for many of them first entry) into an educational and training program.

7. The implementation of this continuing education and training act and the utilization of NESF call for a type of administrative organization which does not exist at present in any of the executive agencies of the federal government. The organization would need a combination of backgrounds in adult education, manpower services, and economic development. For the first several years, this new program must be free of the shackles of prior agency commitments and personnel. In addition, because of its cross-agency responsibilities, it should have the direct support of the Executive Office of the President. Thus, for the first several years of its existence, I suggest that a special Bureau of Continuing Training be established in the Office of Management and Budget to bring this new program to life. Following an operational experience of several years, in which patterns of operation and precedents would be established, the function of this bureau could then be moved to a regular agency, or to a newly created agency.

This nation may be at a juncture in its economic history when it is ready to assume the responsibility for the form of continuing education which is suggested in this study. To do less will, I believe, cause us to continue to waste human resources which we need for our economic health and, perhaps more importantly in the long run, our social well-being. Existence alone is

[3] A. Harvey Belitsky, *Private Vocational Schools and Their Students: Limited Objectives, Unlimited Opportunities* (Cambridge, Mass.: Schenkman Publishing Company, 1969).

never a sign of good health or a viable national spirit. When one looks at the state of our economy and society over the last decade, one is reminded of Richard Hofstadter's image of the United States in recent years: "The nation seems to slouch onward into its uncertain future like some huge inarticulate beast, too much attainted by wounds and ailments to be robust, but too strong and resourceful to succumb."[4]

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[4] "The Future of American Violence," *Harper's Magazine*, April 1970, p. 53.

Appendix A

Extract from JOURNAL OFFICIEL DE LA RÉPUBLIQUE FRANCAISE of July 17, 1971, pages 7035-7046.

Law No. 71-575 of July 16, 1971, pertaining to the organizing of continuous professional training within the framework of continuing education.

PROCEEDINGS PREPARATORY TO THE PASSAGE OF LAW NO. 71-575

National Assembly:

Drafting of Law No. 1754

Report of M. Sallenave on behalf of the Commission on Cultural Affairs (No. 1781)

Discussion on June 7-8, 1971

Adoption on June 8, 1971.

Senate:

Drafting of Law adopted by the National Assembly, No. 299 (1970-1971)

Report of M. Chauvin on behalf of the Commission on Cultural Affairs, No. 323 (1970-1971)

Opinion of the Finance Commission, No. 321 (1970-1971)

Discussion on June 17-18, 1971

Adoption, June 18, 1971.

National Assembly:

Presentation of the Law as modified by the Senate (No. 1862)

Report of M. Sallenave on behalf of the Commission on Cultural Affairs (No. 1876)

Discussion and adoption on June 23, 1971.

Senate:

Presentation of the Law as modified by the National Assembly, No. 360 (1970-1971)

Report of M. Chauvin, on behalf of the Commission on Cultural Affairs, No. 378 (1970-1971)

Discussion and adoption on June 28, 1971.

National Assembly:

Report of M. Sallenave on behalf of the Joint Commission (No. 1942)

Discussion and adoption on June 30, 1971.

Senate:

Report of M. Chauvin on behalf of the Joint Commission, No. 389 (1970-1971)

Discussion and adoption on June 30, 1971.

The National Assembly and the Senate have adopted and

The President of the Republic has enacted the Law whose contents are given below:

Article 1. Ongoing occupational training constitutes a national obligation. It relates to an initial training period and successive training periods for adults and for young people already engaged in a livelihood or who are about to be so engaged. These training periods constitute ongoing occupational training.

Ongoing occupational training is one feature of the subject of continuing education. Its object is to permit an adaptation of workers to changes in technique and working conditions, to promote their social advancement by giving them access to other levels of society and occupational qualification and to permit them to make their contribution to cultural, economic and social development.

The state, local communities, public institutions, professional organizations, unions and private companies, as well as corporations have all concurred in their statements on this matter.

Section I. Occupational Training Institutions

Article 2. The occupational training and social advancement has been the object of a coordinated and concerted policy, especially in organizations representing employers and salaried workers, as well as independent workers.

To this end the Prime Minister has created an Interministerial Committee, of which the Minister of National Education is the Vice President, and a permanent group of high officials, the chairman of which is appointed by the Prime Minister. These bodies are assisted in elaborating and applying policies with respect to occupational training, social advancement and employment by a national council on occupational training, social advancement and employment, which brings together representatives of public authorities, of professional organizations, and of interested trade unions.

In line with the same principles, regional and departmental committees

have been instituted in the areas of occupational training, social advancement and employment.

The organizational methods and the functioning of the above-mentioned committees and councils are established by a decree.

Article 3. The Interministerial Committee on occupational training and social advancement, guided by the requirements of social advancement and of cultural, economic and social development, determines priorities of policy for the public authorities, with a view to the following:

To promote agencies for occupational training and social advancement.

To use financial or technical assistance to sustain the various enterprises begun in this area.

These various agencies and enterprises can also have a bearing both on the training of trainees and that of the educators themselves.

Section II. Standards of Occupational Training

Article 4. The agencies for occupational training and social advancement mentioned in Article 1 above can make standards their objective. These standards are two-sided or many-sided. In particular, these define the following:

The nature, objective, duration, and enrollment of the proposed courses of instruction.

The pedagogical resources and the techniques by which they are applied.

Stipulations concerning the assuming of responsibility for expenses in the pedagogical training of educators, and their remuneration.

As regards salaries and other assistance, such as the situation merits in each case, to the latter as they pursue their proposed courses of study, especially leaves of absence, special adjustments or reductions in the work schedule, of which they shall be the beneficiaries as a result of applying legislative, regulatory or contractual provisions.

Methods of testing achievements and definition of what constitutes certification of the training imparted.

The distribution of financial load with respect to the conducting of courses and remuneration of trainees and, where required, the constructing and equipping of training centers.

Methods of amicably resolving problems that may arise in connection with fulfilling a given standard.

Article 5. Corporations, groups of corporations, associations, institutions and private companies, professional organizations, labor unions or fraternal

organizations, local communities, public institutions, especially chambers of commerce and other local associations of businesses, trades, and agriculture, as well as institutions dependent on these, shall serve as agencies for the meeting of these standards, both as applicants for training and as providers of technical or financial assistance in carrying out the programs or as conductors of the training program.

Article 6. Institutions of public instruction, the French Office for Radio and Television, and community centers for the occupational training of adults subsidized by the Ministry of Labor, of employment, and of population shall act as agents within the framework of standards set up in accordance with Article 4 above:

a) With one of the organizations applying for training as envisioned in Article 5;

b) With the state when the agencies are organized at its initiative, so as to contribute not only to their particular objective of continuing education but also to the development of agencies for continuing occupational training such as those for which the standards provide, by means of their personnel and material resources.

Section III. Leave of Absence for Training

Article 7.

I. Throughout their occupational life, salaried workers not belonging to the categories mentioned in Section VII of the present law and desiring courses of training approved by the state under the terms of the present article shall have the right, upon filing a request with their employer, to a leave of absence.

The only persons who are not entitled to receive pay during this leave of absence are those workers who have already received certification for a prolonged period of training or a professional diploma within the past three years, as well as those whose seniority in the company is less than two years.

II. In institutions with 100 or more salaried workers, when several workers fulfilling the requirements stipulated in paragraph I of the present article apply for a leave of absence for training, compliance with certain requests can be deferred so that the percentage of workers absent at any one time from the institution shall not exceed 2% of the total number of workers in said institution.

III. In institutions employing less than 100 salaried workers, compliance with such requests can be deferred if the number of hours of absence requested exceeds 2% of the total number of hours worked per year.

Nevertheless, the number of hours of absence to which the salaried workers of this institution are entitled can at their request be accumulated from one year to another, as long as the accumulation does not exceed four years.

IV. This leave of absence corresponds to the duration of the course of training, but shall not exceed one year if the training involves a full-time continuing program of training, or 1,200 hours if the instruction consists of a training cycle involving a discontinuous period of training or part-time instruction.

However, this leave of absence can exceed one year or 1,200 hours if it has to do with a course in "occupational advancement" in the sense defined by Article 10 below and is on the special listing given in Article 24 of the present law.

V. Payment for the requested leave of absence shall be legally required, except in cases where the employer is convinced, after consultation with the board or, where no such board exists, with representatives of the union, that this absence could have detrimental effects on production and the conduct of the business. If disputes arise, the factory inspector responsible for the area in which the business is located can be informed by one of the parties involved and can be called in as an arbiter.

VI. The duration of this leave of absence is not to be counted as part of the employee's annual paid vacation. This leave of absence is to be considered comparable to working time when determining the annual paid vacation to which the employee is entitled.

The same analogy applies to the rights of the salaried worker as these belate [sic] to his seniority in the company.

VII. The workers undergoing this leave of absence can be remunerated by their employers by applying the terms of the contract. The state can remunerate or share in the remuneration, under conditions provided for in Section VI of the present law.

VIII. The approval provided for under paragraph I of the present Article shall be granted by a decision of the Prime Minister after consultation with the permanent group provided for in Article 2, taking into account the importance of the training course for ongoing occupational training.

IX. For employees of businesses that have not entered into a binding agreement in this area between the most representative professional organizations and unions at the national level, a decree of the Council of State shall define the following in particular:

1. The rules according to which determinations are to be made for the

establishment (where the leave of absence provisions of Article 8 do not apply) [punctuation supplied] of the maximum percentage of workers qualified at any given time to an authorized leave of absence, or the maximum percentage of working hours that may be affected over a period of a year or several years, in fulfillment of their right to such a leave of absence.

2. The conditions and deadlines for filing a request with the employer, as a function of the length of the training period as well as the deadline for a response to the application by the employer.

3. Conditions under which the employer can, as the case requires, defer the leave of absence due to the necessities imposed by the nature of his business or his use of the services performed by the employee.

4. The rules by which determination is made of the schedule of leaves of absence on the part of a worker, such as may be claimed within the framework of the present law, irrespective of those leaves of absence to which he would have been previously entitled under the terms of Article 8.

X. The salaried employees provided for by the first paragraph of the present Article can, within the framework of contractual agreements, obtain a leave of absence for the purpose of exercising the function of a trainer, either within the business itself or in certain institutions and centers provided for under Article 6, as well as in those which dispense training in accordance with Article 5.

Salaried workers on a leave of absence for the purpose of serving as trainers need not allow for any determination of the number of those qualified for a leave of absence for training, such as would be determined by applying the rules provided for under points II and III above.

Article 8.

I. Salaried employees not possessing a professional certificate or not entitled to an apprenticeship contract have the right, during the first two years of their employment by the company and until they have reached the age of 20, to take a leave of absence that will permit them to pursue training courses approved by the state under the terms of the present Article. The employer may not withhold payment for such a leave of absence.

II. The duration of this leave of absence, which may not exceed 100 hours per year, cannot be figured as part of the worker's paid vacation for that year. This leave of absence shall be counted as part of the number of working days used in calculating the amount of paid vacation to which the interested party is entitled.

The same inclusion shall apply to calculations of the employee's seniority in the company.

III. In cases where disputes arise with respect to the application of the present Article, the plant inspector having competence for the business in question may be contacted by one of the parties involved and may be called in as an arbiter.

IV. The approval provided for in paragraph I of the present Article is granted by a decision of Prime Minister, after consultation with the permanent group provided for in Article 2, taking into consideration the importance of the training for the employee's ongoing occupational growth.

V. A decree in the Council of State shall determine the measures by which the present Article is to be applied; in particular, they shall determine the following:

1. The minimum period of employment by the company which shall entitle the claimant to a leave of absence.

2. The conditions and deadlines for presenting an application to the employer, as well as the deadlines for a response on the part of the latter.

3. The conditions under which the employer can, as the situation requires, defer the leave of absence on account of necessities peculiar to his business or his use of the employee's services.

Section IV. Assistance From the State

Article 9. The state shall cooperate in financing agencies for occupational training and social advancement, in line with priorities and criteria for mediation, as defined by the Interministerial Committee on occupational training and social advancement, after discussion with the professional organizations and unions within the context of instances provided for this purpose.

The financial contribution granted by the state can pertain to the cost of conducting the training courses as well as, when circumstances require, the cost of constructing or equipping the centers of training.

For this purpose the Prime Minister or the appropriate ministers of the Cabinet, when applying Article 4 of the present law, shall draw up standards, the details of which are to be defined by decree.

When these standards apply to training centers administered by one or more businesses, they shall be subjected, before their final drafting, to discussion by the board or boards of the interested company or companies, by applying the provisions of the third paragraph Article 2 of the ordinance of February 22, 1945, as amended by Article 2 of Law No. 66-427 of June 18, 1966.

The state also shares in the cost of remunerating trainers for occupational

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instruction in accordance with the rules determined in accordance with [sic] Section VI of the present law.

Article 10. Financial assistance from the state can be granted for any of the types of training agencies listed below:

1. Courses of training categorized as "transitional" and "preventive", open to persons less than 18 years of age. The purpose of the first category is to prepare salaried workers whose employment has been interrupted due to job requirements of a differing nature or to allow owners of farms and unsalaried members of their families or members of unsalaried, nonagricultural occupations to enter new lines of occupational activity; the second category of courses is designed to reduce the risk of disqualification due to the development of new techniques and organizational structures, to workers threatened with dismissal, by preparing them for a change of activity, either within the framework of the same company or elsewhere.

2. Training courses categorized as "adaptational". The purpose of these courses is to give easier access to one's present job or to a new job for workers presently employed and paid by their company, especially young people with a professional certification.

3. Courses categorized as "for occupational advancement", open both to salaried and unsalaried employees, for the sake of helping them to increase their level of qualifications.

4. Courses categorized as "for maintaining or improving knowledge", open to salaried employees under a work contract or to unsalaried employees, for the sake of maintaining or improving their present qualifications and cultural level.

5. Courses for preliminary training, training, preparation for a professional livelihood or specialization, open to young people from 16 to 18 years of age who have no work contract.

Article 11. Funds made available by the state for financing agencies for ongoing occupational training are assigned to the service budget of the Prime Minister or to the budget of the appropriate Cabinet members.

A statement summarizing the funds needed for the coming year and restating the job description of those who received grants during the previous year and the year now in progress will be presented each year as supporting evidence for a Bill of Appropriation. This statement will also describe the use of the employer's share of contributions as this applies to Section V of the present law.

Article 12. Funds corresponding to the responsibility assumed by the state, as this applies to paragraph[s] 2 and 3 of Article 9 above, are included

in the Prime Minister's budget under the heading of "Funds for Occupational Training and Social Advancement".

These funds may also be used to underwrite the financing of studies or controlled experiments.

Funds relating to payments and allowances furnished directly by the state to occupational training instructors or reimbursed by the state as an application of the present law, belong to the budget of the Prime Minister.

Section V. The Share Paid by Employers for the Financing of Ongoing Occupational Training

Article 13. Every employer with a minimum of ten salaried workers, with the exception of the state itself, local communities, and their public institutions of an administrative nature, must assist in the development of ongoing occupational training by contributing each year to the financing of training agencies of the type defined in Article 10 of the present law.

Article 14. The employers must set aside for the financing of training agencies provided for in Article 13 an amount which in 1972 shall represent at least 0.80% total salaries paid during the current year, as defined by Article 231-I of the general revenue code. This rate will be increased by 2% by 1976.

This obligation may be met as follows:

1. By financing training agencies patronized by their own personnel.

These agencies are to be organized either within the company or by the application of standards drawn up in conformity to the provisions of Section II of the present law.

Expenses incurred in this connection by the company are retained in their entirety, without deducting any assistance that may be received from the state under the terms of the present law.

When the training agencies are organized within the company, these expenses can be allocated as program operating expenses, payment of instructors, and equipment and materials, whenever such materials are used exclusively for the training program.

When the training agencies are organized outside the company, under contracts of one year's duration or longer, the expenses charged on a sharing basis, as instituted by this section of the present law, shall correspond in part to fees paid by the company and in part to training expenses incurred by the training organization in its performance of said contracts, which shall include those relating to equipment and materials.

2. By contributing to compensation-training funds, as provided for by Article 32 of the present law.

3. By making payments, up to a limit of 10% of total shareholdings for the current year, to organizations which are either approved at the national level in proportion to their importance as agencies for the ongoing occupational training of workers or agencies whose importance at the regional level is recognized by the prefect of that region upon recommendation by the regional commission on occupational training, social advancement and competent employment, in conformity with the objectives defined in the first paragraph of Article 1 of the present law.

Article 15. Employers with at least 50 salaried employees cannot be regarded as having conformed to the provisions of this section of the present law unless, having satisfied the obligation provided for in Article 14, they can demonstrate that the Board of Directors of the company has considered the particular problems faced by the company in relation to ongoing occupational training during the year in which they seek to be excused from the above obligation and before they have made overall decisions with respect to the application of the present law.

Employers are excused from presenting such proof upon producing a statement of insolvency, as provided for under Article 13-1 of the Ordinance of February 22, 1945, amended by Law No. 66-427 of June 18, 1966.

Article 16.

I. When the expenses demonstrated by the employer in applying Article 14 are less than the share of funding determined by said Article, the employer is responsible for making a payment to the treasurer equal to the difference that has been ascertained.

In cases where the employer does not give proof in fulfillment of the terms of Article 15, the payment for which he is responsible under the terms of the preceding paragraph shall be raised to 50%. This increase cannot be less than half of the share due for the year under consideration.

The payment becomes due and payable at the same time that the declaration provided for under Article 19 is filed.

This payment is recorded and collected in accordance with those methods and under the securities, guarantees and sanctions that apply to taxes on business profits.

II. Claims are presented, prepared and judged in the same manner as that of taxes levied on business profits. Decisions are communicated via the department in charge of examining the validity of expenses incurred under the terms of Article 14, when the decision of the court pertains to the amount of expense that the employer agrees to share.

Article 17. Employers who over the course of a year incur expenses amounting to more than that provided for under the terms of Article 14 of the present law may report the excess amount over the subsequent three-year period.

Article 18. Payments made by employers under the heading of a "para-fiscal" tax allocated to occupational training are taken into account by calculating the "appointed share" in accordance with Article 13 above.

Article 19.

I. Employers are required to remit to the competent revenue office a statement in duplicate which indicates among other things the amount of the appointed share for which they are responsible and the effectively current expenses in accordance with Article 14.

The declaration of employers mentioned in Article 15 must be accompanied either by the minutes of deliberations by the board or a report of insolvency.

II. The statement provided for in paragraph I above must be presented at the latest by April 5 of the year following that in which the expenses defined under Article 14 have been incurred.

If the business becomes involved in a suspension of payments or bankruptcy suit, the statement pertaining to the current year and, where required, that pertaining [to] the preceding year are filed within ten days of the suspension of payments or bankruptcy action. In the event of the decease of the employer, these statements are to be filed within six months following the date of decease.

In case of court settlement or complete liquidation of goods, the statement is to be submitted within ten days of the date of judgment.

Article 20. The agents commissioned by the [prefect] can require the employer to show proof that he has satisfied the obligations imposed by Articles 14 and 15 of the present law and may make the necessary investigations.

These agents are subject to the rules of professional secrecy and the limitations determined by the general revenue code.

Article 21. The provisions of this section of the present law shall take effect as of January 1, 1972.

For each of the years 1973, 1974 and 1975 the amount of shared revenue provided for under Article 14 of the present law will be determined by financial law, in accordance with the present need for ongoing occupational training.

Article 22. Certain decrees by the Council of State shall determine, as

needed, the conditions under which the present section shall be applied, particularly the following:

Definition of expenses envisioned in paragraph 1 of Article 14 above.

Conditions of the approval provided for under paragraph 3 of Article 14.

Conditions under which the provisions of Article 15 above shall be applied to companies employing less than 50 salaried workers, in which the establishment of a board is not obligatory.

The methods of setting up the program and the content of the statement provided for under Article 19 as well as the receipt of revenues by those competent to receive this statement.

Section VI. Financial Assistance Granted to Occupational Training Instructors

Article 23. The state, employers, workers, and organizations who bear the responsibility of providing compensation to unemployed workers shall assist, in accordance with methods suited to each of the categories of training defined in Article 10 above, in financing the payment of occupational training instructors.

Under certain conditions defined by decree of the Council of State, the instructor is entitled to a loan granted by the state or by the organizations that have been approved for receiving assistance funds from the state.

This loan may be allowed to accumulate along side the indemnities that may be collected in accordance with the provisions of this section of the present law.

Article 24. In order to be entitled to assistance from the state, workers must take training courses that correspond to the categories defined in Article 10 above.

These courses must meet the following conditions:

They must be in accord with standards set up by the state and must provide for revenue sharing as a means of remunerating the instructors.

They must be approved.

They must also be listed in one of the following special categories:

Courses for occupational advancement, leading directly to the compensation provided for in Articles 30 and 31 below.

— Courses for the maintenance and improvement of knowledge, leading directly to a compensation calculated under the conditions specified in Article 33 below.

Transitional courses in the sense of paragraph 1, Article 10 above, organized in community occupational training centers for adults within the jurisdiction of the Ministry of Labor, employment and population, are approved by that office.

The assistance of the state in remunerating instructors is determined for each category of courses, under the conditions defined in the above articles.

Article 25.

I. Workers who take a transitional course, as defined in paragraph 1 of Article 10 above, receive, when this is a full-time program, a remuneration calculated on the basis of the length of their legal work week, this being the number of hours of instruction given by the training center, and by reference to an established scale:

1. For salaried workers, in dependence on the salary of their last position.

2. For unsalaried agricultural workers, in dependence [on] usual minimum income.

3. For unsalaried nonagricultural workers, in dependence on income tax withheld, as a basis for calculating health insurance contributions according to the schedule set up by Law No. 66-509 of July 12, 1966.

This remuneration may in no case be less than 90% of the minimum income normally received. This may also constitute a ceiling.

Workers who receive training on a half-time basis are to receive a proportional remuneration calculated under conditions set forth above and on the basis of a period of time fixed by decree.

II. Similarly, workers who take a transitional course of training in accordance with paragraph I of the present Article:

1. Young people who satisfy conditions for the receipt of public unemployment assistance.

2. Young people whose admission to the course occurs less than one year after completing service with the national government.

3. Mothers of families who wish to take a job that requires a certain level of qualification.

4. Unmarried women who have accepted or are accepting the responsibility, legally or de facto, for a third person in their family circle.

Instructors covered by the terms of the present Article are remunerated at a rate proportional to their usual minimum income.

Women caring for three children or, when they are heads of families,

have the responsibility for at least one child are entitled to an additional remuneration.

Article 26. The state shall reimburse companies for each worker who takes a preventive course, as defined in paragraph 1 of Article 10 above, and will continue to remunerate such companies, according to the conditions laid down in their work contract, by an amount calculated in terms of salary paid.

Article 27. The scale of remuneration provided for under point one of paragraph I of Article 25 above includes increased rates granted to salaried workers who were dismissed after less than six months, for other than disciplinary reasons, or who are taking a transitional course of instruction organized in line with the standards set up in the first Article of Law No. 63-1240 of December 18, 1963, relating to national employment funds.

Article 28. The amount of remunerative payments provided for under Articles 25-27 above shall include a contribution from the state and, where required, that of coalition organizations set up with the common consent of professional organizations and unions.

In the latter case, a standard approved both by the state and said organizations shall determine the manner in which they share in financing the compensations paid to instructors.

Article 29. Workers who take adaptational courses as defined in paragraph 2 of Article 10 above, are remunerated by their employer under the conditions provided for by their work contract. The state may accept part of the responsibility for this remuneration.

Article 30. Workers who follow a course for professional advancement as listed in the special category of the third paragraph of Article 24 above, when they are not covered by a work contract or when their work contract does not involve remuneration, they shall collect a monthly compensation.

The amount of this compensation, which shall vary in accordance with the level of training received and which cannot be less than the usual minimum salary, is determined each year, taking into account the growth in the ceiling of social security contributions.

Nevertheless, for certain periods of training lasting less than one year the compensation may be calculated under conditions prescribed by Article 25 above.

Receipt of the compensation provided for in the present Article shall not be an obstacle to obtaining loans, as established by Article 23 of the present law.

Article 31. The state shall reimburse companies for each salaried worker who follows a course for occupational advancement included in the special list of line three, Article 24 above, and the remuneration shall continue, for

an amount equal to the compensation provided for in the preceding Article, within the limits of the salary paid.

The salaried worker shall receive from the state, when his remuneration is less than the compensation provided for above, a supplementary compensation, the amount of which is equal to the difference between the compensation granted to instructors not covered by a work contract and the amount of his actual remuneration.

Article 32. When workers entitled by virtue of legislative, regulatory or contractual provisions to a leave of absence to pursue training courses for maintaining or improving knowledge, as defined by point 4 of Article 10 above, shall receive, by reason of an obligation contracted by the employer, either a substitutional remuneration paid by an insurance-training fund or, in the absence of such a fund, the remuneration provided for by their work contract, the state may take responsibility for a portion of their remuneration, under conditions determined by paragraphs I and II below.

I. The insurance-training fund is fed by contributions which may be paid by the employers and salaried workers in accordance with terms stipulated by the actions which created the fund. These are to be used exclusively for the financing of the operating expenses of training courses and, during the instructional periods, to cover the salary as well as the contributions incumbent upon employers by virtue of their social obligations and the tax on salaries, when these continue to apply by virtue of paragraph II of Article I of Law No. 68-1043 of November 29, 1968, relating to various provisions in the economic and financial realm.

On condition that the insurance-training fund is distinct from that of the enterprise and that it does not reserve the ownership and disposition of money paid into it, the amount of contributions for which employers are responsible shall not be subject to social security contributions or, where applicable, to the salary tax. Under the same conditions, they are deductible from income subject to income tax or corporation tax on the part of the employer. Contributions made by the workers are deductible from the taxable income of the interested parties.

II. In cases where, due to the absence of an insurance-training fund, workers are entitled to a continuance of the remuneration provided for by their work contract, the state may assist in this remuneration if the courses pursued are included in a list established jointly by the employers, organizations and salaried workers unions.

Article 33. Salaried workers entitled to a leave of absence without remuneration for the purpose of taking courses for the maintenance or improvement of knowledge, included in the special list provided for in line 3 of Article 24

above, may receive an hourly compensation, calculated on the basis of their usual minimum salary.

Article 34. When members of unsalaried occupations follow courses of instruction for the maintenance or improvement of knowledge, as defined in paragraph 4 of Article 10 above, the state may assume responsibility for a part of their remuneration, on condition that a fund for the same purpose as that provided for in Article 32 has been set up by and for the interested parties.

Article 35. Young people 16-18 years of age who have not entered an apprenticeship contract and have not fulfilled the conditions that would entitle them to public assistance for unemployment, shall be entitled, when taking courses involving preliminary training, job training, preparation for professional life, or specialization, as defined by paragraph 5 of Article 10 above, to compensations and social benefits equivalent to allowances and benefits allotted to college students taking technical courses.

Nevertheless, until a date to be set by decree, compensations exceeding those provided for in the preceding paragraphs may be provided only on a temporary basis. Their rate is to be fixed once a year, taking account of the growth in maximum contributions to social security.

The interested parties are covered by health insurance, so that they shall have the same type of rights as their parents with respect to social security. They shall apply directly to the family allowance service.

Article 36. Trainees possessing a work contract shall remain under the social security system, from which their salaried activity shall be remunerated.

Trainees who are not under a work contract and lack the qualifications for such a contract shall, taking account of the nature of activities for which the training course will prepare them, be affiliated either with the social security system or with the salaried agricultural workers social insurance program, or the social security system for unsalaried agricultural occupations, or with the social security system for unsalaried nonagricultural occupations, or the special social security system for French sailors.

For trainees belonging to the general social security system, the state shall share the social security contributions for which employers are responsible, in the same proportion as for the remunerations. When the trainees are not under a work contract, the social security contributions shall be made in a lump sum, the amount being fixed by decree.

For trainees who do not belong to the general system, decrees shall determine the conditions under which the state shall assume total or partial responsibility for social security contributions.

Article 37. Paragraph 2 of Article L. 416, Section I, Book IV of the social

security code, relating to occupational accidents and illnesses, applies to all trainees included in the province of this section of the present law.

Article 38. Transportation expenses incurred by the workers in their attendance of the training sessions, which are the subject of this section of the present law, as well as for the return trip and for relocation, depending [on] the requirements of said courses, shall be subject to a total or partial reimbursement.

Article 39. All of the court actions that occur in connection with liquidation, the payment and reimbursement of remunerations and compensations provided for by this section of the present law, as well as payment and the assumption of responsibility for social security and occupational accident contributions, belong to the competence of courts at the judiciary level.

Article 40.

I. Decrees issued by the Council of State shall determine, as needed, the procedures by which this section of the present law shall be applied, and in particular:

The conditions for approval, as provided for in paragraph two of Article 24 above.

The conditions for allocation and procedures for payment of remunerations or compensations, as provided for in Articles 25-28, 30 and 35 above.

The conditions under which the state shall assume partial responsibility for remunerations as provided for in Articles 29, 31, 32, 33 and 34 above.

The conditions under which the state shall assume responsibility for social security contributions pertaining to the remuneration of trainees, as provided for by Article 36 above.

The conditions for reimbursement for travel expenses, mentioned in Article 38 above.

II. The following shall be determined by decree:

The amount or rate of remuneration or compensation as provided for in Articles 25-28, 30 and 35, already cited.

The portion of remunerations to be borne by the state in fulfillment of Article 29 and 32-34, already cited.

III. Decisions of the Prime Minister, taken after counsel with the prominent group of high functionaries set up under Article 2 of the present law, shall determine the following:

The approved list provided for in paragraph 2 of Article 24 above.

List of occupational advancement courses and courses for the maintenance

and improvement of knowledge, provided for in paragraph 3 of Article 24 above.

The list of short-term training periods, of less than one year duration, paragraph 3 of Article 30 above.

Section VII. Provisions Relating to Agencies Representing the State and Local Communities

Article 41. The state shall institute on behalf of its agents a coordinated policy for occupational training and social advancement, similar in scope and means employed to that envisioned under Article 2 of the present law. This policy shall take into account the specific nature of the public office involved.

After consultation with the highest council of the public office, a decree in the Council of State shall determine the conditions under which the appropriate training and advanced training agencies within the province of the national agents are to be defined, encouraged, and coordinated.

Article 42. The state officials may, at the instigation of the administration, participate either as trainees or as educators in the programs or courses for ongoing occupational training; they may also be authorized to participate at their request in such programs or courses, either as trainees or as educators.

After consultation with the upper council of the public office involved, decrees by the Council of State shall determine the conditions under which the present Article shall be applied, especially with respect to the conditions for admission to these programs or courses, the position of interested officials, and, where required, their remuneration for such periods of study or teaching.

Article 43. Decrees by the Council of State shall determine the particular procedures for the ongoing occupational training of civil servants not connected with the national government. These shall be set up after consultation with the upper council of the public office involved.

Article 44. Regional administrative institutions created by decree shall contribute funds to ensure the recruitment and training of certain groups belonging to category A, to be designated by decree of the Council of State. These may also lend their assistance to the ongoing occupational training of officials and agents of the state.

The number of positions reserved each year in each of the groups envisioned in paragraph 1 above for students of the institution shall be determined by decree.

Admission to regional administrative institutes shall be granted on the basis of two competitive examinations.

The first examination shall be reserved for candidates holding diplomas

from institutions of higher learning or recognized equivalents, determined by decree; the second examination shall be reserved, according to conditions determined by decree, to certain candidates employed in civil or military service for a minimum term.

The proportion of positions offered under the terms of each of the examinations is to be determined by decree.

These institutions may lend their assistance to the ongoing occupational training of local community officials.

Article 45. Decrees of the Council of State shall determine the conditions under which local community officials and agents of local public institutions may be entitled to the provisions of this section of the present law. Labor organizations shall be consulted, as well as competent organizations of a coalitional nature.

Section VIII. Miscellaneous Provisions

Article 46. In order to improve the performance of agricultural occupations, the state shall contribute, in alliance with general vocational organizations, under conditions determined by Section IV of the present law, to the financing of organized courses of instruction, for the purpose of ensuring the training, the maintenance and improvement of skills, or the advancement of farmers, salaried employees of farm enterprises, agricultural [assistants], and workers in para-agricultural occupations, in centers for occupational training for the social advancement of agricultural workers, and in promotional institutions.

Independently of the sanctions provided under Article 4 for various occupational training agencies, certain of the latter may be applied to the preparation for certification in schools of higher learning and agricultural technical schools.

Furthermore, in conformity to the provisions of Articles 32 and 34 above, the state may share financially in the insurance-training fund created for professionals in this area.

The conditions under which the teaching institutions and public and private organs for occupational advancement and conversion will be invoked so as to facilitate the acquirement of nonagricultural occupational qualifications for rural young people and for farmers and salaried agricultural workers, these being the subject of measures coordinated among the various ministerial departments involved.

Article 47. In order to facilitate admission to the offices of business heads in the area of occupational specialties and to assure the advanced training and professional qualifications of business heads in this area and of their salaried employees, the state shall share, under conditions determined by Section IV above, in the financing of courses of instruction designed for this purpose.

The state may also share in the financing of the insurance-training fund provided for under Articles 32 and 34 above, created for the professional area of work.

Chambers of the skilled trades are authorized to allocate additional funds by adding to the tax base, in order to provide the additional money.

Article 48. The state shall provide financial assistance in the training of workers as provided for under Articles 46 and 47, who are chosen to discharge responsibilities to labor or professional organizations.

This training may be provided by centers created by the professional organizations or labor unions, or organizations recognized by these. These centers shall be aquired [sic] to have the approval of the cabinet ministries involved. Government aid is granted within the framework of standards set up in compliance with Article 4 of the present law.

The necessary credit entries are to be added to the budget of the ministries involved.

Article 49. A national foundation for instruction in business administration shall [have] for its objective the development of skills in administrative methods and the managing of businesses, and of promoting the training of officials occupying positions of responsibility.

Article 50. The ongoing occupational training policy shall share in equipping training agencies organized in compliance with Article 15 of Law No. 70-596 of July 9, 1970, relating to national service.

Article 51. Determinations shall be made by decree, as needed, of methods for applying the present law to salaried employees engaged in activities which by their nature to a scattering [sic] or permanent mobility of personnel, despite their continuous occupation by a single employer.

Article 52. A decree of the Council of State shall provide Sections III and V of the present law with those adaptations required to make them applicable in overseas provinces, which shall take effect on the same day as in continental France.

Article 53. All legislative provisions contrary to the provisions of the present law are hereby abrogated, especially Article 4 and those following of Law No. 63-1240 of December 18, 1963, relating to the national employment fund, as well as Law No. 59-960 of July 31, 1959, relating to various provisions in the area of social advancement, Law No. 66-892 of December 3, 1966, on professional orientation and training programs, and Law No. 68-1249 of December 31, 1968, relating to the remuneration of trainees receiving occupational training.

Article 54. For a transitional period preceding the publication of measures

for the implementation of the present law, the regulatory material based on laws abrogated by the preceding Article shall remain in force.

The present law will be enacted as a national law.

Done at Paris, July 16, 1971.

GEORGES POMPIDOU

For the President of the Republic:
Prime Minister:
JACQUES CHABAN-DELMAS.

Minister of State
in charge of overseas provinces and territories:
PIERRE MESSMER.

Minister of Economy and Finance:
VALERY GISCARD D'ESTAING.

Minister of National Education:
OLIVIER GUICHARD.

Minister of Industrial and Scientific Development:
FRANCOIS ORTOLI.

Minister of Agriculture:
MICHEL COINTAT.

Minister of Labor, Employment and Population:
JOSEPH FONTANET.

Appendix B

International Labour Office

Legislative Series 1969—Ger.F.R. 1

FEDERAL REPUBLIC OF GERMANY 1

Employment Promotion Act. Dated 25 June 1969. (*Bundesgesetzblatt*, Part I, 28 June 1969, No. 51, p. 582.)

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Division I. Purposes

1. The measures provided for in this Act shall be carried out within the framework of the social and economic policy of the Federal Government in such a way that a high level of employment is achieved and maintained, the employment structure constantly improved and the growth of the economy thereby promoted.

2. The measures provided for in this Act shall contribute, *inter alia,* towards—

1. preventing the occurrence or continuance of unemployment or underemployment, on the one hand, and labour shortages, on the other;
2. safeguarding and improving the occupational mobility of gainfully employed persons;
3. preventing, off-setting or eliminating the negative effects that technical developments or structural changes in the economy may have on gainfully employed persons;
4. promoting employment opportunities for physically, mentally or psychologically handicapped persons;
5. providing employment opportunities for women who are difficult to place in the normal conditions of the employment market because they are married or for other reasons are or have been bound by domestic obligations;
6. providing employment opportunities for ageing and other gainfully employed persons who are difficult to place in the normal conditions of the employment market;
7. improving the employment structure in the various areas and economic sectors.

3. (1) The purposes provided for in this Act shall be pursued within the framework of the social and economic policy of the Federal Government by the Federal Employment Institution (hereinafter referred to as "the Federal Institution").

(2) The Federal Institution shall be responsible for—

1. vocational guidance;
2. placement;
3. the promotion of vocational training, in so far as duties in this field have been entrusted to it by this Act;
4. the industrial and vocational rehabilitation of handicapped persons, in so far as duties in this field have been entrusted to it by this Act;

5. the grant of benefits for the maintenance and creation of employment opportunities;

6. the grant of unemployment benefit.

The Federal Institution shall engage in employment market and vocational research work.

(3) The Federal Institution shall normally inform the public of the services and benefits available under this Act.

(4) The Federal Institution shall grant unemployment assistance on behalf of the Federal Republic.

(5) The Federal Government may by ordinance entrust the Federal Institution with further duties connected with those discharged by it in accordance with this Act.

Division II. Employment and Employment Market

Subdivision I. General Provisions

4. Save as provided to the contrary in the second sentence of subsection (1) of section 18 and subsection (1) of section 23 vocational guidance and placement in vacancies for training or employment shall be carried on only by the Federal Institution.

5. Efforts shall be made to place persons in vacancies for training or employment and measures taken for the promotion of vocational training before benefits are provided under Divisions III and IV.

6. (1) The Federal Institution shall follow and investigate the scale and nature of employment and the situation and trends on the employment market and in the various occupations and vocational training opportunities, not only in general and in the different economic sectors and areas but also against the background of the social structure and shall use its findings for the better performance of its duties (employment market and vocational research work). It shall reach agreement on such work with the Federal Minister of Labour and Social Affairs. The findings of the research shall be submitted to the Minister.

(2) The Federal Institution shall make the necessary administrative and technical arrangements for its employment market and vocational research work. It shall prepare, maintain and process the necessary documents.

(3) The Federal Institution shall prepare statistics relating more particularly to employment and unemployment among employees on the basis of the documents available within its field of work. The results shall be reported to the Federal Minister of Labour and Social Affairs. The Minister

shall have power to make more detailed provision for the nature and scale of the statistics and reports mentioned in the first and second sentences of this subsection.

(4) The Federal Government may by ordinance (which shall be valid for a maximum of three years) direct that the Federal Institution, with the object of supplementing the documents available within its field of work, is to conduct—

1. ad hoc or regularly recurring statistical surveys of employed persons;
2. statistical surveys of occupational activities and vocational training opportunities.

For this purpose an indication shall be given of the facts to be collected and the persons to be questioned. The results of the surveys must be necessary for the better achievement of the purposes of this Act.

7. (1) The owners of establishments, competent authorities and persons engaged in any kind of gainful occupation shall be required to furnish the Federal Institution, on request, with the necessary information for the purposes of section 6. Any person required to furnish information shall be entitled to refuse to answer questions which, if answered, would expose him personally or any of his relatives, as defined in clauses 1 to 3 of subsection (1) of section 383 of the Code of Civil Procedure, to the danger of prosecution in a criminal court or proceedings under the Offences Act.

(2) Information shall be furnished truthfully and fully, within the prescribed time limit and, save as provided to the contrary, free of charge.

(3) Where the Federal Institution has provided for forms to be filled in by persons covered by a survey, the information shall be furnished on such forms. The accuracy of the information furnished shall be confirmed by the informant's signature, if the form so provides.

(4) Individual statements made in connection with the personal or material circumstances of an informant for the purposes of a survey or inquiry conducted under section 6 shall, unless provision to the contrary is made by law, be treated as confidential by the Federal Institution. The provisions of sections 175 and 179, subsection (1) of section 188 and section 189 of the Federal Taxation Code as to the obligation to provide the finance offices with information and assistance shall to that extent not apply to the Federal Institution. No publication incorporating findings based on a survey or inquiry conducted under section 6 shall contain any individual statement. A summary of statements made by two or more persons required to furnish information shall not be regarded as an individual statement for the purposes of this subsection.

8. (1) Where perceptible changes in an establishment within the next

twelve months will probably result in the dismissal of employees or their reassignment to other lower-paid employment in numbers corresponding to those indicated in clauses *(a)* to *(c)* of subsection (1) of section 15 of the Protection against Dismissal Act[1], the employer shall immediately give notice of the fact in writing to the head of the Land employment office. The notice shall be accompanied by a statement of the views expressed by the works council.

(2) When taking measures under this Division the Federal Institution shall have regard for any interest that an establishment may have in ensuring that the projected changes are kept secret, in so far as such secrecy is compatible with the advantages from the standpoint of employment market policy that such measures should be taken in good time.

(3) Where an employer has failed to give the notice required under subsection (1) either wilfully or through gross negligence, the Federal Institution may require him to compensate it for any expenditure incurred over a period of six months in connection with the retraining of employees who have been dismissed or reassigned to other employment.

9. The Federal Minister of Labour and Social Affairs may by ordinance prescribe that employers are to report any vacancies for employment or training available in their establishments to the appropriate local employment office, in so far as may be necessary for the purposes of finding employment or vocational training opportunities or for the purposes of employment market and vocational research work. The obligation to report may be restricted to a specified period or to specified economic sectors, areas, occupations or groups of employees. It shall not apply to posts that have become vacant as a result of an industrial dispute.

10. (1) Every employer shall report the engagement and dismissal of employees, including persons employed with a view to their vocational training, within three days to the local employment office in whose area the establishment is situated. Reports relating to employees who are required to belong to a local, Land or guild sickness fund and reports relating to salaried employees who are not compulsorily insured against sickness and whose contributions to the Federal Institution have to be paid to a local, Land or guild sickness fund shall be transmitted to the sickness fund together with their registration or the cancellation of their registration. The sickness fund shall be required to forward to the local employment office such reports as are intended for it.

(2) For the purposes of subsection (1) the Federal Minister of Labour and Social Affairs may by ordinance provide for the form and content of the

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[1]*Legislative Series*, 1951—Ger.F.R. 4.

reports to be submitted. He may prescribe that certain groups of employees are to be exempted from the obligation to report under that subsection.

11. (1) The collection offices (subsections (3) and (4) of section 176) shall furnish the Federal Institution with a monthly report indicating the number of persons liable for compulsory contributions under this Act. The Federal Institution may inspect the records and statistics of the collection offices in so far as may be necessary for the discharge of its duties.

(2) The social insurance carriers shall produce their records and statistics for inspection by the Federal Institution, on request, in so far as may be necessary for the discharge of its duties.

(3) The provisions of subsection (4) of section 7 as to the secrecy of individual statements shall apply, *mutatis mutandis*, to the information furnished under subsections (1) and (2).

(4) The Federal Minister of Labour and Social Affairs shall, subject to the approval of the Federal Council, issue regulations for the administration of subsections (1) and (2).

12. For the purposes of this Division the expression "employee" includes persons engaged in home work (subsection (1) of section 1 of the Home Work Act[2]).

Subdivision II. Placement

13. (1) For the purposes of this Act the expression "placement" means any activity designed to bring jobseekers and employers together with the object of establishing an employment relationship or to bring jobseekers and home-work employers or intermediaries together with the object of establishing a home-work relationship within the meaning of the Home Work Act.

(2) The expression "placement" shall also be deemed to include the publication, distribution and display of lists of vacancies and applications for employment (including such reprints and extracts from periodicals as can be regarded as equivalent to such lists) and the notification of vacancies and applications on the wireless or television. The foregoing shall be without prejudice to the advertisement of vacancies and applications in newspapers, magazines, trade journals and similar periodicals.

(3) For the purposes of this Act the expression "placement" shall not be deemed to include—

1. measures taken by the public social security authorities as a preliminary to the establishment of an employment relationship, in so far as such

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[2] *Legislative Series*, 1951—Ger.F.R. 1.

measures are necessary in each individual case to discharge the duties entrusted to those authorities by law;

2. the occasional and gratuitous recommendation of employees for recruitment.

14. (1) The Federal Institution shall endeavour to ensure that jobseekers obtain employment and employers the necessary labour. In so doing it shall have regard for the special conditions attaching to vacancies and for the aptitudes and personal circumstances of jobseekers. It may, subject to the consent of the jobseekers concerned and to such extent as may be necessary to take account of their state of health in connection with their placement, arrange for them to be given a medical examination and for a medical report to be prepared; it may also, in special cases and subject to the consent of the jobseekers concerned, arrange for them to be given a psychological test and for a psychologist's report to be prepared.

(2) In cases covered by clauses 4 and 6 of section 2 the Federal Institution may take action to consolidate the employment relationships established, in so far as may be necessary.

15. Independently of its placement work the Federal Institution shall also, on request, inform employees and employers of the employment market situation, trends in the different occupations, the need for and possibilities of obtaining vocational training or incentives in connection with such training and the incentives available for entering employment, and give advice on questions relating to the choice or filling of vacancies (vocational guidance). Guidance shall take account of the applicants' wishes and also, in the case of employees, their knowledge and abilities and, in the case of employers, the requirements of their establishments.

16. The Federal Institution shall not normally co-operate in the establishment of employment relationships whose terms are contrary to the provisions of a collective agreement, if it is aware that such terms are contrary to those provisions and that the employee and employer concerned are bound by the agreement. The foregoing shall apply, *mutatis mutandis*, to any departure from minimum conditions of employment fixed in virtue of the Act of 11 January 1952 respecting the prescribing of minimum conditions of employment (*Bundesgesetzblatt*, Part I; p. 17)[3] or section 19 or 22 of the Home Work Act.[2]

17. (1) Employers shall be bound, and trade unions entitled, to give written notice of the beginning and end of any industrial dispute to the appropriate local employment office for the establishment concerned. The Federal Minister of Labour and Social Affairs may by ordinance make pro-

[3] *Legislative Series*, 1952—Ger.F.R. 1.

vision for the time limits and forms to be observed in giving notice and determine the cases in which an association of employers may give collective notice exempting the employers specified therein from this requirement.

(2) Where notice of the beginning of an industrial dispute has been given in accordance with subsection (1), the Federal Institution shall not engage in placement in the field directly affected by the dispute unless the jobseeker and employer concerned request it to do so, despite the fact that it has informed them of the existence of the dispute.

18. (1) Responsibility for recruiting and placing employees with a view to their employment abroad and for recruiting employees abroad and placing them with a view to their employment in the Federal Republic shall lie with the Federal Institution. Other agencies and persons shall require the prior permission of the Federal Institution in each individual case, unless they are in possession of a special mandate in accordance with the second sentence of subsection (1) of section 23. The Federal Institution shall take its decision with due regard for the legitimate interests of German employees and the German economy in the light of the situation and trends on the employment market. Its permission may be given subject to certain conditions and instructions.

(2) The foregoing shall be without prejudice to the legal provisions made by the European Communities.

(3) For the purposes of subsection (1) the Federal Minister of Labour and Social Affairs may by ordinance make provision for the nature, scope, duration and cancellation of its permission and for the procedure to be followed.

(4) The Federal Minister of Labour and Social Affairs may issue directives to be followed by the Federal Institution in its administration of the ordinance made under subsection (3), the provisions made by the authorities of the European Communities and any international agreements governing the recruitment and placement of employees in cases covered by subsection (1).

19. (1) Employees who are not Germans within the meaning of section 116 of the Basic Law[4] shall require a permit from the Federal Institution to engage in employment, save as is provided to the contrary in international agreements. The permit shall be issued in the light of the situation and trends on the employment market, with due regard for the circumstances in each individual case. It shall be issued for a specified period of time and may be restricted to specified establishments, groups of occupations, economic sectors or areas. Employers shall not be permitted to employ employees who

[4] *Legislative Series*, 1949—Ger.F.R. 1 (extracts), 1956—Ger.F.R. 1.

are not Germans within the meaning of section 116 of the Basic Law unless such employees hold a permit in accordance with the first sentence of this subsection.

(2) The foregoing shall be without prejudice to the legal provisions made by the European Communities or to subsection (1) of section 17 of the Act of 25 April 1951 respecting the legal position of stateless aliens on federal territory (*Bundesgesetzblatt*, Part I, p. 269).

(3) For the purposes of subsection (1) the Federal Minister of Labour and Social Affairs may by ordinance make provision for the nature, scope, duration and cancellation of permits and for the procedure to be followed. He may by ordinance allow exceptions to be made in respect of particular groups of occupations and categories of persons.

(4) The Federal Minister of Labour and Social Affairs may issue directives to be followed by the Federal Institution in its administration of the ordinance made under subsection (3), the provisions made by the authorities of the European Communities and any international agreements governing the employment of employees in cases covered by subsection (1).

20. (1) Placement and vocational guidance shall be carried on impartially.

(2) Jobseekers and applicants for guidance shall not be questioned regarding their membership [in] a political, trade union or similar association unless the nature of the establishment or type of employment so warrants.

(3) Where placement is undertaken on behalf of the Federal Institution by an agency established by a trade union and its by-laws provide for its placement facilities to be available to members only, jobseekers and applicants for guidance may be asked whether they are members of the trade union in question.

(4) Jobseekers and applicants for guidance shall not be questioned regarding their membership [in] a religious or philosophical community unless the nature of the establishment or type of employment so warrants or the employer wishes to admit the jobseeker as a member of his household and has expressly indicated that membership of a particular community is a condition of his offer.

(5) The Federal Institution shall not be permitted to give an unfavourable description of an employee with the object of preventing his engagement or co-operate in the victimisation of employees or in any similar activity directed against employers.

21. (1) The Federal Institution shall provide placement and vocational

guidance facilities free of charge. Where its expenses are above the average, it may require employers to pay fees covering all or part of such expenses, to the extent that they exceed the average incurred in connection with placement or vocational guidance work. The Federal Institution may by order prescribe whether and to what extent fees are to be charged in accordance with the second sentence of this subsection.

(2) The Federal Institution may by order prescribe that employers availing themselves of its services in connection with the placement of foreign employees on the basis of international agreements are to pay a fee. Such fee shall be charged for the expenses incurred by the Federal Institution in connection with the administration of the agreements. Account may also be taken for this purpose of expenses incurred in connection with measures designed to facilitate the assimilation of foreign employees into the economy and society of the Federal Republic of Germany.

22. An indication may be given in the course of placement or vocational guidance of any special features of a vacancy that may be of importance to the jobseeker or applicant for guidance, and also of any special characteristics of a jobseeker or applicant for guidance that may be of importance in connection with his fitness for the post, on condition that a knowledge of these special features or characteristics was acquired officially and such action is justified by particular circumstances, such as the admission of the employee as a member of the household. The relevant information must be given on request. The findings of an examination or report in terms of the third sentence of subsection (1) of section 14 may not be communicated without the jobseeker's consent.

23. (1) In exceptional cases and after consulting the employers' and employees' associations concerned, the Federal Institution may, on request, give a mandate to agencies or persons to undertake placement operations in individual occupations or for individual groups of persons, where such a mandate is in the interests of placement and the agency or person making the request offers a guarantee that the mandate will be properly discharged. Without prejudice to subsection (1) of section 18 it shall not be lawful to recruit or place employees with a view to their employment abroad or to recruit employees abroad or place them with a view to their employment in the Federal Republic without a special mandate from the Federal Institution.

(2) Agencies and persons given a mandate to undertake placement operations shall be subject to the supervision of the Federal Institution and shall comply with its directives. A mandate under the first or second sentence of subsection (1) shall be given for one year at a time. It may be subject to certain limitations. It may be cancelled if the agency or person holding it so requests or fails, despite repeated warnings, to comply with the provisions issued by the Federal Institution for the discharge of the mandate and the

conduct of the holder's business or with the directives of the Federal Institution or if it is found that the conditions for the mandate were not, or are no longer, fulfilled.

(3) The Federal Institution may by order make provision for the giving, discharge and cancellation of mandates, the conduct of the holders' business and the exercise of supervision by the Federal Institution.

(4) The foregoing shall be without prejudice to the provisions of the Act of 9 July 1954 respecting the resumption of non-profit-making placement by voluntary welfare agencies (*Bundesgesetzblatt*, Part I, p. 179).

24. (1) Jobseekers and employers may be charged fees for placement in employment under subsection (1) of section 23 only to the extent required to cover the necessary expenses.

(2) Higher fees than those provided for in subsection (1) may be charged only in the case of persons belonging to occupations where a higher charge is necessary in the interests of efficient placement (profit-making placement).

(3) For the purposes of subsections (1) and (2) the Federal Minister of Labour and Social Affairs may by ordinance, and with due regard for the nature and duration of the employment relationships established, the special characteristics of the mandates given under subsection (1) of section 23 and the average expenses necessarily incurred in connection with the placement operations carried on, make provisions laying down in greater detail the conditions, rates and time limits to be observed in connection with the payment of fees and specifying the persons liable to pay them. Where higher fees are fixed in terms of subsection (2), the rate shall be so calculated that it allows for an appropriate profit to be made.

Subdivision III. Vocational Guidance

25. (1) For the purposes of this Act the expression "vocational guidance" means the provision of advice and information on matters relating to the choice of an occupation, including a change of occupation. It shall be supplemented by the provision of vocational information and details of the vocational training incentives available in individual cases and the placement of applicants in training vacancies.

(2) Advice and information given occasionally and free of charge in individual cases or by the public social security authorities in cases covered by clause 1 of subsection (3) of section 13 shall not be deemed to constitute vocational guidance.

26. (1) The Federal Institution shall advise young persons and adults on all matters relating to their choice of an occupation (section 25) and their

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advancement in an occupation both before they take up their careers and also during their careers. When so doing it shall take due account of the situation and trends on the employment market and in the individual occupations. It shall normally subordinate the interests of individual economic sectors and occupations to general economic and social considerations.

(2) The Federal Institution shall also advise applicants for guidance on matters relating to their schooling, in so far as they are relevant to their choice of an occupation or prospects of a career.

(3) Where necessary the Federal Institution may also follow up and advise applicants, with their consent, after the commencement of their training.

27. (1) Vocational guidance shall take account of an applicant's physical, mental and psychological characteristics, inclinations and personal circumstances.

(2) The Federal Institution may arrange, subject to an applicant's consent, for him to be given a psychological test or medical examination and for a psychologist's or medical report to be prepared, in so far as may be necessary to judge his fitness for an occupation.

28. In its vocational guidance work the Federal Institution shall normally furnish information on the possibilities of obtaining vocational training incentives in the light of the circumstances of each individual case.

29. (1) For the purposes of this Act the expression "placement in training vacancies" means any activity designed to achieve the establishment of vocational training relationships.

(2) The Federal Institution shall endeavour to ensure that suitable applicants for guidance are placed in training vacancies affording every guarantee from the technical, health and educational standpoints. In so doing it shall take account of the applicant's personal circumstances and the special conditions attaching to the training vacancies available.

(3) Subsections (2) and (3) of section 13, sections 16 and 18, subsection (2) of section 25 and section 27 shall apply, *mutatis mutandis*.

30. Sections 20 to 22 shall apply, *mutatis mutandis*, to vocational guidance and placement in training vacancies.

31. For the better performance of its duties the Federal Institution shall provide vocational information. When so doing it shall normally supply the fullest possible particulars on all matters relating to the choice of an occupation (section 25) and also on the occupations themselves, the qualifications and prospects connected with them, the vocational training incentives and facilities available and the developments of occupational significance in establishments and government departments and on the employment market.

32. In its provision of vocational information and guidance and its placement of applicants in training vacancies the Federal Institution shall normally co-operate with the agencies responsible for general education and vocational training, and especially with the competent authorities concerned with in-plant training, employers' and trade union institutions, schools, colleges and the authorities of the welfare, youth and health services.

Subdivision IV. Vocational Training Incentives

I. *General Provisions*

33. (1) The Federal Institution shall provide incentives for vocational training, further training and retraining in accordance with the provisions of this Subdivision. In so doing it shall normally co-operate with the vocational training authorities, whose rights shall not be affected by this Subdivision.

(2) The Federal Institution may arrange for further training and retraining programmes to be carried out by other authorities or may carry out such programmes either alone or jointly with other agencies.

34. Incentives to participate in vocational training programmes, as provided in this Subdivision, shall extend to programmes in which instruction is provided throughout the day (full-time instruction), concurrently with the person's work (part-time instruction) or by correspondence. It shall be a condition of such incentives that the length of the programme, content of the syllabus, method of instruction and training and occupational experience of the director and teaching staff are such that the training provided is likely to be successful.

35. The Federal Institution may establish an Advisory Council on Vocational Training by Correspondence, whose membership shall include representatives of employers, employees and other economic bodies concerned with vocational training. It shall be the duty of the Council, if so requested by the Federal Institution, to give an opinion on whether the conditions for the provision of vocational training incentives under this Subdivision are fulfilled in the case of certain correspondence courses.

36. Benefits in the form of vocational training incentives for individuals shall be granted only if the applicants are suitable and the provision of the incentives seems appropriate, having regard to the situation and trends on the employment market and the applicants' occupational preferences.

37. Benefits in the form of vocational training incentives for individuals (sections 40 to 49) shall be granted only to the extent that other public authorities are not under a legal obligation to provide them. The foregoing

shall not affect the subsidiary nature of social assistance, as provided in subsection (2) of section 2 of the Federal Social Assistance Act.[5]

38. (1) To the extent that and for such time as a public authority does not grant the benefits that it is under a legal obligation to provide in terms of section 37, the Federal Institution shall grant the benefits referred to in sections 40 to 49 as if the aforesaid authority were under no such obligation.

(2) The local employment office shall immediately give notice of the grant of benefits under sections 40 to 49 to the other authority that is under an obligation to provide benefits. The effect of the notice shall be to transfer any claim against the other authority to the Federal Institution, to the extent that the latter incurs expenses in connection with the grant of benefits under sections 40 to 49. The fact that the claim is not liable to assignment, hypothecation or attachment shall not prevent its being transferred to the Federal Institution. Where the claim relates to any form of benefit other than cash benefit, it shall, on being transferred to the Federal Institution, be converted into a monetary claim equal to the cash value of the benefit to be provided by the other authority.

39. The Federal Institution shall by order make more detailed provision for the conditions, nature and scope of the vocational training incentives referred to in this Subdivision. Account shall be taken for this purpose—

1. in the case of individual incentives, of the applicants' personal circumstances, their aim in seeking vocational training, the purpose of the incentives granted and the situation and trends on the employment market;

2. in the case of institutional incentives, of the nature of the programmes to be carried out in the institutions concerned and the general aim pursued in connection with the training by the persons participating in such programmes.

II. *Vocational Training Incentives for Individuals*

A. Vocational Training

40. (1) The Federal Institution shall grant subsidies and loans to young persons and adults to enable them to receive appropriate vocational training in establishments or inter-works institutions or participate in basic training and continuation courses and other programmes preparing them for an occupation, in so far as they cannot raise the necessary money themselves and the persons responsible for their maintenance cannot reasonably be expected to raise the money by normal means.

(2) Benefits under subsection (1) shall be granted to Germans within

[5] *Legislative Series*, 1961—Ger.F.R. 5.

the meaning of section 116 of the Basic Law.[4] They shall also be granted to aliens within the meaning of the Act of 25 April 1951 respecting the legal position of stateless aliens on Federal territory (*Bundesgesetzblatt*, Part I, p. 269) and to aliens who have been recognised as having a right of asylum under section 28 of the Aliens Act of 28 April 1965 (ibid., p. 353) and have their customary residence within the sphere of application of this Act. Benefits under subsection (1) shall also be granted to the extent that provision to that effect is made in ordinances issued by the European Communities.

(3) To the extent that and for such time as an applicant does not receive maintenance benefits to which he is entitled, the Federal Institution may grant him incentives under subsection (1) irrespective of such benefits. The first, second and third sentences of subsection (2) of section 38 shall apply, *mutatis mutandis*.

B. Further Training

41. (1) The Federal Institution shall grant incentives to participants in programmes requiring the prior completion of vocational training or appropriate experience and designed to determine, maintain or extend their knowledge and abilities in their chosen occupations, adapt such knowledge and abilities to technical developments or enable them to be promoted (further training).

(2) Incentives to take part in a further training programme shall normally be granted only if the duration of the programme does not exceed two years; this time limit shall not apply to programmes where instruction is provided concurrently with the person's work.

42. Incentives shall be granted to persons who have been working, or desire to work, in employment in respect of which compulsory contributions are payable and whose abilities and previous occupational activity would seem to indicate that they can successfully take part in a further training programme.

43. (1) Incentives shall be granted to participants in further training programmes designed, *inter alia*, to—

1. enable them to be promoted;
2. adapt their knowledge and abilities to the requirements of their occupations;
3. enable women jobseekers to enter or re-enter the employment market;
4. enable them to pass a final trade test that they have not taken hitherto;
5. give instructors basic and further training;
6. resettle ageing jobseekers.

(2) Incentives shall not be granted to participants in programmes designed to meet the needs of a given establishment or group unless such programmes offer some particular advantage from the standpoint of employment market policy.

44. (1) Participants in whole-day further training programmes (full-time instruction) shall be paid a maintenance allowance. Participants in programmes where the instruction is provided concurrently with their work shall be paid a maintenance allowance if they miss at least one-third of the normal weekly hours of work customarily observed in the establishment as a result of their attendance.

(2) Maintenance allowances shall consist of a basic amount and family supplements. The basic amount shall be calculated in accordance with the recipient's remuneration, as indicated in the table forming a schedule to this Act; family supplements shall be at the rate of 14.40 DM a week. Subsections (2) to (8) of section 112, subsections (1) and (2) of section 113 and section 114 shall apply, *mutatis mutandis*.

(3) Where it is impossible to assess the maintenance allowance in accordance with subsections (2) to (6) of section 112, it shall be assessed as in cases covered by subsection (7) of section 112.

(4) Any income derived by the recipient of a maintenance allowance from employment or self-employment shall be deducted from the allowance, to the extent that it exceeds 50 DM a week, after deduction of taxes, social insurance contributions, contributions to the Federal Institution and out-of-pocket expenses.

(5) Where a participant is unemployed within the first six months following the conclusion of a programme, he shall also be paid a maintenance allowance for the first seventy-eight days' unemployment or, if the programme lasted for at least one year, for the first 156 days' unemployment. In this case the allowance shall be 15 per cent less than the rate calculated under subsection (2).

(6) Where the recipient of a maintenance allowance ceases without a valid reason to participate in a programme before the programme is completed, the Federal Institution may require him to refund the amount paid out by way of maintenance allowances, to the extent that he would not have been entitled to either unemployment benefit or unemployment assistance in respect of the same period.

(7) The provisions of Division IV as to unemployment benefit shall apply, *mutatis mutandis*, in so far as is compatible with the special nature of maintenance allowances.

45. The Federal Institution shall assume responsibility for all or part

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of the necessary costs directly incurred in connection with a further training programme, such as teaching expenses, outlay on teaching equipment, travelling expenses, the cost of working clothes, sickness and accident insurance contributions and, if a participant has to live away from home, the cost of his board and lodging.

46. Where the conditions laid down in sections 41 to 43 are not fulfilled, the Federal Institution may grant loans as an incentive towards further training, if it is appropriate to do so in the light of the situation and trends on the employment market.

C. Vocational Retraining

47. (1) The Federal Institution shall grant incentives to jobseekers participating in programmes designed to enable them to transfer to some other suitable form of employment, with the particular object of ensuring or improving their occupational mobility (vocational retraining). Subsection (2) of section 43 and sections 44 and 45 shall apply, *mutatis mutandis*.

(2) Benefits under subsection (1) shall not be granted to the extent that similar benefits are being or probably will be provided by the employer.

(3) Where retraining can prevent unemployment among jobseekers who are still employed, it shall be provided as rapidly as possible. Incentives shall normally be granted to participants only if the duration of the retraining programme does not exceed two years.

48. The Federal Institution may grant loans as an incentive towards vocational retraining in the case of suitable persons who have no claim under subsections (1) and (3) of section 47, if it is appropriate to do so in the light of the situation and trends on the employment market.

49. (1) The Federal Institution may grant subsidies to employers in respect of employees who can only attain maximum efficiency at their jobs after an initial period of adaptation (adaptation subsidies). Subsection (2) of section 47 shall apply, *mutatis mutandis*.

(2) An adaptation subsidy shall not normally be granted for longer than one year. The amount payable for the entire period of adaptation shall not exceed 60 per cent of the remuneration payable by collective agreement or, in the absence of a collective agreement, the remuneration customarily payable in the locality for the employee's occupation.

III. *Vocational Training Incentives for Institutions*

50. (1) The Federal Institution may grant loans and subsidies for the construction, extension and equipment of institutions, including inter-works training centres, that are used for vocational training, further training or re-

training within the meaning of this Subdivision. In exceptional and specially substantiated cases the incentives granted may also extend to the maintenance of the institution.

(2) The Federal Institution shall grant incentives to an institution only—

1. if the authority responsible for the institution contributes to an appropriate extent towards the cost out of its own funds;

2. to the extent that the authority responsible for the institution or some other authority is not under a legal obligation to defray the cost; the foregoing shall not apply to the authorities administering the social assistance scheme.

(3) Subsidies shall only be granted to the extent that the purpose of the incentives provided cannot be achieved by means of loans.

(4) The Federal Institution may make the grant of loans or subsidies conditional upon its right to carry out its own programmes in the institution or to arrange for them to be carried out there by other authorities.

(5) Any person planning to establish an institution of the type referred to in subsection (1) shall give notice of the fact at once to the appropriate Land employment office if it is intended that incentives should be granted under sections 50 to 52 and 55. If such notice is not given in due time, the incentives may be refused.

51. Incentives shall not be granted to an institution if it serves to provide vocational training in vocational training schools or is mainly devoted to the purposes of a given establishment or group or the pursuit of profit. Incentives may by way of exception be granted to such an institution if programmes cannot be carried out in any other way or cannot be carried out on a sufficient scale or in due time.

52. (1) The Federal Institution, acting either alone or jointly with other authorities, shall normally establish institutions, including inter-works training centres, for the purposes of programmes carried out under section 33 if suitable institutions are not available to meet an urgent need.

(2) The Federal Institution, acting either alone or jointly with other authorities, may establish institutions for the purposes of programmes carried out under section 33, to serve as models for the institutions run by other authorities.

Subdivision V. Incentives to Enter Employment

53. (1) The Federal Institution may grant the following benefits as incentives to jobseekers to enter employment:

1. subsidies towards the cost of applying for employment;

2. subsidies towards travelling and removal expenses;

3. equipment;

4. separation allowances, if separate households have to be maintained as a result of the person's entering employment;

5. transitional allowances for a maximum of two months;

6. escort in the case of groups of persons travelling to take up employment in another locality;

7. such other assistance as a person may find necessary to facilitate his entering employment.

A loan may also be granted in substitution for benefits covered by clause 1, 2, 3, 5 or 7.

(2) The Federal Institution may also grant the benefits referred to in subsection (1) to persons intending to enter an occupation whom it places in a training relationship.

(3) Benefits under subsections (1) and (2) may be granted only to the extent that the jobseekers concerned cannot raise the necessary money themselves. Sections 37 and 38 and subsection (2) of section 47 shall apply, *mutatis mutandis*.

(4) The Federal Institution may by order make provisions for the administration of subsections (1) and (2). When so doing it may specify that benefits under subsection (1) are not to exceed a certain maximum amount and that they may also be granted to dependents, and may prescribe whether and to what extent benefits may be granted in the case of employment taken up abroad.

54. (1) The Federal Institution may grant loans or subsidies to employers with a view to the resettlement of jobseekers who are difficult to place in the normal conditions of the employment market. Such benefits shall not normally exceed 60 per cent of the remuneration fixed by collective agreement or, in the absence of a collective agreement, the remuneration customarily payable in the locality and occupation concerned, or be granted for longer than two years.

(2) For the purposes of subsection (1) the Federal Institution may by order make more detailed provision for the conditions, nature and scope of the incentives to be granted.

55. (1) The Federal Institution may grant loans or subsidies as incentives towards the establishment of hostels for the use of employees and young persons, if it is appropriate to do so in the light of the situation and trends on the employment market.

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(2) For the purposes of subsection (1) the Federal Institution may by order make more detailed provision for the conditions, nature and scope of the incentives to be granted.

Subdivision VI. Industrial and Vocational Rehabilitation of Handicapped Persons

56. In its programmes the Federal Institution shall take account of the special circumstances of physically, mentally or psychologically handicapped persons. For the purposes of this Act persons in danger of suffering from any such handicap shall be placed on the same footing as handicapped persons.

57. To facilitate the resettlement of handicapped persons in employment the Federal Institution shall itself carry out any appropriate industrial and vocational rehabilitation programmes needed to maintain, improve or restore the earning capacity of such persons, in so far as no other authority is competent to do so; where some other authority is competent, the Federal Institution shall suggest to it that such programmes should be carried out.

58. (1) The provisions of Subdivisions IV and V shall apply as regards the grant to handicapped persons of vocational training incentives and incentives to enter employment.

(2) In the case of a participant in a vocational training programme who was prevented by a physical, mental or psychological handicap from earning more than a relatively low rate of remuneration, or any remuneration at all, before the commencement of the programme, the maintenance allowances payable under section 44 shall be assessed as in cases covered by subsection (7) of section 112. The occupation taken for this purpose shall be that in which the participant will probably be working on the completion of the programme.

59. (1) In matters relating to the industrial and vocational rehabilitation of handicapped persons the Federal Institution shall work in close cooperation with the other competent authorities. Such authorities shall consult the Federal Institution before introducing an industrial or vocational rehabilitation programme.

(2) The Federal Institution shall take the earliest possible opportunity of furnishing handicapped persons with advice on appropriate industrial and vocational rehabilitation programmes. Where a handicapped person is accommodated in a hospital, sanatorium or other similar institution, the advice shall normally be given in consultation with the medical practitioner in attendance in the institution and the authority responsible for carrying out the programme.

(3) The Federal Institution shall arrange for a handicapped person to

follow an industrial or vocational rehabilitation programme as soon as his state of health permits. The stages of the programme shall normally be smoothly dovetailed, as part of an over-all plan agreed upon between the authorities concerned, and ensure that the handicapped person concerned is resettled in employment as fully and durably as possible.

60. (1) The Federal Institution may grant employers training subsidies to enable physically, mentally or psychologically handicapped persons to be given in-plant training in an occupation, if such training cannot be arranged in any other way.

(2) A training subsidy may be granted for the entire duration of the training. It shall not normally exceed the monthly rate of the training wage payable by the employer during the last year of training.

(3) For the purposes of subsections (1) and (2) the Federal Institution shall by order make provision for the detailed conditions, rates and procedures to be observed in the payment of subsidies.

61. (1) The Federal Institution may grant loans and subsidies for the construction, extension and equipment of workrooms where the workplaces take account of the special circumstances of handicapped persons; section 50 shall apply, *mutatis mutandis*.

(2) For the purposes of subsection (1) the Federal Institution shall by order make provision for the detailed conditions, rates and procedures to be observed in the payment of loans and subsidies.

62. (1) The Federal Minister of Labour and Social Affairs shall endeavour to ensure that industrial and vocational rehabilitation programmes for handicapped persons are co-ordinated. He shall consult the other federal ministers and the central authorities of the Länder concerned.

(2) The authorities responsible for administering industrial and vocational rehabilitation institutions and programmes for handicapped persons shall supply the necessary information for the purposes of subsection (1) to—

1. the Federal Minister of Labour and Social Affairs, in so far as they are federal authorities or are subject to supervision by the Federal Republic;

2. the competent central authority of the Land concerned, in so far as they are Land authorities or are subject to supervision by a Land or are operated on a private basis.

The Federal Minister of Labour and Social Affairs and the competent central authorities of the Länder shall compile the necessary information for the purposes of subsection (1) and make it available to one another.